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FAIRCHILD'S FINANCIAL MANUAL OF RETAIL STORES

1986

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Editor's Note: In order to present a clearer picture of a company's involvement in the Retail field, we have, in some cases, included only those divisions and subsidiaries related to Retail.

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1985 STATISTICS FOR LEADING FOOD CHAINS

Company‡	Sales (000's) 1985	Sales (000's) 1984	% Chg.	Net Income (000's) 1985	Net Income (000's) 1984	% Chg.	% Net Income to Sales 1985	% Net Income to Sales 1984	Pre-Tax Income (000's) 1985	Pre-Tax Income (000's) 1984	Shareholders' Equity (000's) 1985	Shareholders' Equity (000's) 1884	% Net Income to Shareholders' Equity 1985	% Net Income to Shareholders' Equity 1984
Safeway Stores	$19,650,542	$19,642,201	+ 0.04	$231,300	$185,011	+25.02	1.18	0.94	$353,616	$298,822	$1,622,614	$1,469,023	14.25	12.59
Kroger Co.	17,123,531	15,922,891	+ 7.54	180,750	156,633	+15.40	1.06	0.98	320,563	265,363	1,188,670	1,148,776	15.21	13.63
American Stores	13,889,528	12,118,793	+14.61	154,470	185,525	−16.74	1.11	1.53	309,461	346,613	767,811	676,752	20.12	27.41
Southland (A)	12,789,630	12,105,001	+ 5.66	212,535	160,252	+32.63	1.66	1.32	282,251	173,314	1,496,823	1,195,687	14.20	13.40
Lucky Stores	9,382,282	9,236,529	+ 1.58	86,526	94,631	− 8.56	0.92	1.02	148,061	173,417	636,362	609,442	13.60	15.53
George Weston (B)	8,879,800	8,254,700	+ 7.57	100,900	93,500	+ 7.91	1.14	1.13	196,700	173,700	830,000	754,500	12.16	12.39
Super Valu (C)	7,905,016	6,547,680	+20.73	91,247	107,212	−14.89	1.15	1.64	167,678	157,530	534,830	469,170	17.06	22.85
Winn-Dixie	7,774,480	7,302,369	+ 6.47	107,895	115,916	− 6.92	1.39	1.59	172,595	195,503	646,777	608,673	16.68	19.04
Loblaw Cos. (D)	6,931,100	6,419,400	+ 7.97	67,100	64,200	+ 4.52	0.97	1.00	115,200	108,500	521,000	466,200	12.88	13.77
Great A & P (E)	6,615,422	5,878,286	+12.54	88,290	215,779	−59.08	1.33	[illegible]	109,090	99,479	668,688	582,953	13.20	37.01
Supermarkets General	5,122,633	4,346,680	+17.85	63,712	52,424	+21.53	1.24	1.21	118,153	98,205	346,981	287,410	18.36	18.24
Albertson's	5,060,265	4,735,724	+ 6.85	85,110	79,746	+ 6.73	1.68	1.68	154,774	147,462	518,709	454,419	16.41	17.55
Steinberg's	3,908,428	3,452,275	+13.21	73,634	15,021	—	1.88	0.44	82,464	30,081	521,489	417,958	14.12	3.59
Stop & Shop	3,689,076	3,247,298	+13.60	30,300	54,845	−44.75	0.82	1.69	47,548	100,351	405,670	388,830	7.47	14.11
Canada Safeway	3,489,488	3,547,449	− 1.63	63,100	66,219	− 4.71	1.81	1.87	104,114	105,262	644,975	683,256	9.78	9.69
Oshawa Group (F)	3,102,447	2,665,774	+16.38	40,986	36,179	+13.29	1.32	1.36	71,165	63,599	260,381	226,084	15.74	16.00
Grand Union	2,529,392	3,438,848	−26.45	5,328	(115,240)	—	0.21	—	7,608	(130,240)	142,470	137,142	3.74	—
Giant Food	2,247,218	2,138,789	+ 5.07	57,003	45,221	+26.05	2.54	2.11	102,595	82,428	271,319	228,728	21.01	19,77
Food Lion	1,865,632	1,469,564	+26.95	47,585	37,305	+27.56	2.55	2.54	89,185	71,405	207,379	163,420	22.95	22.83
Waldbaum's	1,764,041	1,711,923	+ 3.04	17,109	13,028	+31.32	0.97	0.76	32,409	23,348	145,584	128,432	11.75	10.14
Circle K	1,682,164	1,028,853	+63.50	33,421	21,662	+54.28	1.99	2.11	59,090	40,404	122,613	91,567	27.26	23.66
Nash Finch	1,307,942	1,220,668	+ 7.15	12,006	11,686	+ 2.74	0.92	0.96	22,026	21,169	107,384	100,094	11.18	11.68
Cullum Cos.	1,171,691	1,228,240	− 4.60	17,225	12,577	+36.96	1.47	1.02	30,444	21,322	106,442	93,751	6.18	13.42
Weis Markets	1,017,173	957,775	+ 6.20	60,144	55,307	+ 8.75	5.91	5.77	110,537	104,612	365,828	323,509	16.44	17.10
Borman's (G)	987,188	1,025,920	− 3.78	7,338	(1,119)	—	0.74	—	7,338	(1,119)	30,135	22,797	24.35	—
National Convenience	927,507	818,988	+13.25	15,509	18,450	−15.94	1.67	2.25	23,538	29,015	96,116	87,338	16.14	21.12
Bruno's	886,748	715,761	+23.89	24,552	18,845	+30.28	2.77	2.63	43,792	33,495	153,009	84,101	16.05	22.41
Ruddick	881,841	730,060	+20.79	12,559	13,221	− 5.01	1.42	1.81	22,027	22,459	110,042	101,515	11.41	13.02
Hannaford	807,019	707,282	+14.10	14,399	11,347	+26.90	1.78	1.60	28,138	22,004	104,509	71,963	13.78	15.77
Sobey's	803,554	672,603	+19.47	8,247	7,416	+11.21	1.03	1.10	12,099	11,940	51,394	44,808	16.05	16.55
Marsh Supermarkets	718,506	671,187	+ 7.05	6,433	4,716	+36.41	0.90	0.70	9,369	6,365	45,479	47,537	14.14	9.92
Delchamps	631,084	587,506	+ 7.42	9,608	8,514	+12.85	1.52	1.45	13,115	13,618	67,181	59,532	14.30	14.30
Godfrey	601,776	533,813	+12.73	5,473	2,781	+96.80	0.91	0.52	9,763	4,381	33,854	28,940	16.17	9.61
Pueblo Int'l. (H)	596,794	518,335	+15.14	6,587	5,105	+29.03	1.10	0.98	9,659	5,578	50,432	47,447	13.06	10.76
Big V	560,628	542,808	+ 3.28	5,740	1,856	+209.27	1.02	0.34	10,850	2,164	42,755	38,991	13.43	4.76
Penn Traffic	510,479	341,765	+49.37	6,567	3,852	+70.48	1.29	1.13	11,713	6,441	57,903	54,400	11.34	7.08
Fisher Foods (I)	494,804	503,477	− 1.72	2,279	(5,464)	—	0.46	—	1,124	(5,744)	63,417	70,558	3.59	—
King Kullen	484,235	464,672	+ 4.21	2,632	1,962	+34.15	0.54	0.42	4,384	3,376	33,619	31,349	7.83	6.26
Allied Supermarkets +(J)	480,080	529,793	− 9.38	325	(2,566)	—	0.07	—	325	(2,566)	52,443	52,026	0.62	—
Shopwell (K)	463,535	459,069	+ 0.97	(4,347)	—	—	—	—	(1,833)	283	25,820	29,864	—	—
Foodarama	441,046	450,748	− 2.15	2,944	210	—	0.67	0.05	3,787	335	25,232	22,288	11.67	0.94
Seaway Food Town	431,144	466,020	− 7.48	3,663	1,691	+116.62	0.85	0.36	6,523	2,316	33,569	37,465	10.91	4.51
Arden Group (L)	415,855	435,005	− 4.40	5,688	5,239	+ 8.57	1.37	1.20	11,031	5,803	43,486	38,105	13.08	13.75

NOTE: The criterion for inclusion in this list is that the sales of each chain be at least $400,000,000. In some instances comparative figures for 1984 have been restated for various reasons.

( ) Designates a loss.

NA Not available.

+ 53 weeks in 1985; 52 weeks in 1984.

* 52 weeks in 1985; 53 weeks in 1984

‡ There is no current information available for Pacific Gamble Robinson; 1984 sales were $842,075,000. There is no current information available for Argeen Holdings; 1984 revenues were $1,576,800,000.

FOOTNOTES:

(A) The revenue for Southland's store segment are $8,054,800 in 1985 and $7,707,300 in 1984; revenues include other income.

(B) Net Income of George Weston includes an extraordinary gain of $4,700,000 in 1984.

(C) Net income of Super Valu includes discontinued operations in 1984.

(D) Net income of Loblaw Cos. includes an extraordinary gain of $3,100,000 in 1984.

(E) Net income of A & P includes extraordinary gains of $32,200,000 in 1985 and $165,000,000 in 1984.

(F) Net income of Oshawa Group includes an extraordinary gain of $126,000 in 1985.

(G) Net income of Borman's includes an extraordinary gain of $2,380,000 in 1985.

(H) Net income of Pueblo Int'l. includes extraordinary gains of $1,288,000 in 1985 and $1,416,000 in 1984.

(I) Net income of Fisher Foods includes an extraordinary gain of $1,107,000 in 1985.

(J) Net income of Allied Supermarkets includes an extraordinary gain of $140,000 in 1985.

(K) Net income of Shopwell includes discontinued operations in both years.

(L) Net income of Arden Group includes extraordinary gains of $15,328 in 1985 and $331,378 in 1984.

1985 STATISTICS FOR LEADING DEPARTMENT STORES

Department Stores	Sales		%	Profits		%	Profit To Sales		Pre-Tax Profits		Shareholders' Equity		Profit/ Aver. Equity
(000's Omitted)	1985	1984	Chg.	1985	1984	Chg.	1985	1984	1985	1984	1985	1984	1985
Federated	$9,978,000	$9,672,000	+ 3.2	$ 287,000	$ 329,000	− 12.8	2.9	3.4	$ 533,726	$ 573,430	$2,707,268	$2,544,042	10.9
Dayton Hudson Corp.	8,793,400	8,009,000	+ 9.8	283,600	259,300	+ 9.4	3.2	3.2	524,600	479,300	1,947,355	1,736,502	15.4
May Dept. Stores*	5,028,000	4,596,000	+ 9.4	235,000	214,000	+ 9.8	4.7	4.7	433,900	394,700	1,417,600	1,289,200	17.4
R.H. Macy (1)**	4,505,874	4,294,833	+ 4.9	205,792	213,870	− 3.8	4.6	5.0	403,970	420,683	1,447,905	1,284,035	15.1
Associated Dry Goods	4,385,000	4,106,000	+ 6.8	119,700	120,700	− 0.8	2.7	2.9	223,574	230,474	1,052,618	985,469	11.7
Allied Stores	4,135,000	3,970,000	+ 4.2	159,000	141,000	+ 12.8	3.9	3.6	289,875	265,233	1,258,000	1,063,000	13.7
Carter Hawley Hale (2)	3,977,913	3,724,294	+ 6.8	48,025	27,130	+ 77.0	1.2	0.7	203,810	159,967	359,354	348,166	13.6
Batus Retail (3)	2,174,954	2,039,206	+ 6.7	N/A	N/A	N/A	N/A	N/A	165,101	161,681	N/A	N/A	N/A
Mercantile	1,880,039	1,706,904	+ 10.1	102,448	84,769	+ 20.9	5.5	5.0	196,448	161,637	678,034	594,377	16.1
Dillard Dept. Stores	1,601,357	1,277,280	+ 25.4	66,903	49,558	+ 35.0	4.2	3.9	114,903	87,608	362,333	248,353	21.9
Carson Pirie Scott & Co.	1,301,890	1,177,208	+ 10.6	18,415	27,174	− 32.2	1.4	2.3	27,315	44,374	211,807	196,536	9.0
Strawbridge & Clothier	686,924	630,497	+ 9.0	24,086	24,675	− 2.4	3.5	3.9	46,755	49,286	151,504	130,982	17.1
Elder-Beerman Stores	352,183	311,926	+ 12.9	10,011	7,254	+ 38.0	2.8	2.3	11,786	10,434	60,844	50,465	18.0
D.H. Holmes	272,819	271,681	+ 0.4	3,375	7,523	− 55.1	1.2	2.8	2,922	9,909	69,770	69,370	4.9
Crowley Milner & Co.	104,087	92,927	+ 12.0	1,815	2,391	− 24.1	1.7	2.6	2,585	4,021	20,290	19,111	9.2
Wieboldt Stores, Inc. (4)	160,079	191,216	− 16.3	3,269	(1,731)	N/A	2.0	N/A	3,366	(3,341)	33,725	30,279	10.2
TOTAL	49,337,519	46,070,972	+ 7.1	1,568,439	1,506,613	+ 4.1	3.2	3.3	3,184,636	3,049,396	11,778,407	10,589,887	14.0

1985 STATISTICS FOR LEADING SPECIALTY STORES

Specialty Stores	Sales		%	Profits		%	Profit To Sales		Pre-Tax Profits		Shareholders' Equity		Profit/ Aver. Equity
(000's Omitted)	1985	1984	Chg.	1985	1984	Chg.	1985	1984	1985	1984	1985	1984	1985
Mellville Corp.	$4,774,860	$4,261,627	+ 12.0	$210,812	$190,386	+ 10.7	4.4	4.5	$ 439,157	$ 398,313	$1,102,205	$ 954,778	20.5
The Limited (5)	2,387,110	1,343,134	+ 77.7	145,317	92,495	+ 57.1	6.1	6.9	239,317	197,495	404,075	275,403	42.8
U.S. Shoe	1,920,225	1,717,401	+ 11.8	64,875	53,432	+ 21.4	3.4	3.1	123,901	100,092	477,334	427,828	14.3
Petrie Stores	1,160,845	951,106	+ 22.1	77,902	54,643	+ 42.6	6.7	5.7	133,767	90,594	476,958	322,673	19.5
Nordstrom	1,301,857	958,678	+ 35.8	50,079	40,711	+ 23.0	3.8	4.3	87,379	72,511	314,119	271,709	17.1
Edison Bros.	808,300	785,900	+ 2.9	27,000	32,900	− 17.9	3.3	4.2	38,100	51,400	215,900	282,600	10.8
The Gap	647,333	518,229	+ 24.9	27,707	12,230	+ 126.6	4.3	2.4	67,888	22,078	151,643	126,116	20.0
Charming Shoppes	391,630	297,321	+ 31.7	28,726	20,226	+ 42.0	7.3	6.8	53,010	36,041	115,487	89,168	28.1
Jacobsons	275,038	240,689	+ 14.3	9,657	5,431	+ 77.8	3.5	2.3	16,097	9,581	46,439	35,662	23.5
Haverty Furniture	196,108	175,463	+ 11.8	10,284	6,871	+ 49.7	5.2	3.9	17,498	12,686	57,573	48,775	19.3
Merry-Go-Round	164,119	158,088	+ 3.8	7,285	9,825	− 25.9	4.4	6.2	13,453	18,710	34,963	27,640	23.3
Deb Shops	147,104	120,405	+ 22.2	10,351	7,850	+ 31.9	7.0	6.5	19,705	15,274	36,647	29,734	31.2
Evans	134,376	133,197	+ 0.9	1,733	5,658	− 69.4	1.3	4.3	2,877	10,697	37,277	35,508	4.8
Paul Harris Stores	125,864	111,175	+ 13.2	4,757	4,019	+ 18.4	3.8	3.6	9,447	7,395	37,939	22,912	15.6
Kenwin Shops, Inc.	29,504	28,655	+ 3.0	611	1,008	− 39.4	2.1	3.5	1,135	1,642	8,814	8,574	7.0
TOTAL	14,464,273	11,801,068	+ 22.6	677,096	537,685	+ 25.9	4.7	4.6	1,261,731	1,044,509	3,517,373	2,959,080	20.9

FOOTNOTES:
(Losses)
* May Dept. Stores and Associated Dry Goods have agreed to merge.
** Trailing year ended Jan. 31, 1986
1. Went private in a management-led leveraged buyout in June 1986.
2. Continuing operations.
3. Results are for Saks Fifth Avenue, Marshall Field's, Ivey's, Breuners and Thimbles. Does not include retail businesses sold or being sold.
4. Went private in a leveraged buyout in December 1985. Earnings are after a gain on the sale of real estate of $8,064,208.
5. Includes results of Lerner Stores purchased in April 1985 from Rapid-American Corp. for $297 million.

(Reprinted from **Daily News Record** — August 27, 1986.)

1985 STATISTICS FOR LEADING DRUG CHAINS

Company‡	Sales (000's)		%	Net Income (000's)		%	% Net Income to Sales		Pre-Tax Income (000's)		Shareholders' Equity (000's)		% Net Income to Shareholders' Equity	
	1985	1984	Chg.	1985	1984	Chg.	1985	1984	1985	1984	1985	1884	1985	1984
Kroger (A)	$17,123,531	$15,922,891	+ 7.54	$180,750	$156,633	+ 15.40	1.06	0.98	$320,563	$265,363	$1,188,670	$1,148,776	15.21	13.63
Imasco	5,325,134	4,353,254	+ 22.33	261,745	234,108	+ 11.85	4.92	5.38	407,192	365,424	1,517,091	1,325,781	17.25	17.66
Walgreen	3,161,935	2,744,625	+ 15.20	94,169	85,446	+ 10.21	2.98	3.11	173,700	149,983	480,974	414,618	19.58	20.61
Jack Eckerd (B)	2,508,533	2,212,672	+ 13.37	(8,325)	85,374	—	—	3.86	103,703	153,061	519,550	618,812	—	13.80
Revco D.S.	2,395,640	2,227,510	+ 7.55	38,906	93,411	− 58.35	1.62	4.19	68,106	174,544	457,354	447,126	8.51	20.89
Rite Aid (C)	1,564,119	1,360,469	+ 14.97	62,547	69,936	− 10.57	4.00	5.14	123,939	125,885	397,993	353,665	15.72	19.77
Longs Drug	1,480,830	1,375,769	+ 7.64	37,718	40,094	− 5.93	2.55	2.91	72,718	78,294	289,838	260,907	13.01	15.37
Thrifty Corp.	1,404,851	1,299,258	+ 8.13	31,891	27,921	+ 14.22	2.27	2.15	60,172	54,575	137,542	154,040	23.19	18.13
Perry Drug (D)	521,615	371,891	+ 40.26	9,575	7,650	+ 25.16	1.84	2.06	13,995	12,263	76,783	67,202	12.47	11.38
Fays's Drug	445,125	366,697	+ 21.39	2,787	8,679	− 67.89	0.63	2.37	2,710	13,815	60,268	59,621	4.62	14.56
Genovese	233,174	220,295	+ 5.85	2,929	4,137	− 29.20	1.26	1.88	4,586	7,887	25,257	23,135	11.60	17.88

NOTE: The criterion for inclusion in this list is that the sales of the chain be at least $200,000,000.

( ) Designates a loss.

+ 53 weeks in 1985; 52 weeks in 1984.

* 52 weeks in 1985; 53 weeks in 1984.

N.A. Not Available

‡ There are no current figures available for Pay'n Save; net sales for 1984 were $1,220,521,000. K mart Corporation owns Pay Less Drug Stores but does not break down its revenues by line of business.

FOOTNOTES:

(A) Kroger's drugstore segment sales totaled $1,157,000,000 in 1985 and $859,000,000 in 1984.

(B) Net income of Jack Eckerd's includes discontinued operations in both years.

(C) Net income of Rite Aid includes discontinued operations in both years.

(D) Drugstore sales for Perry Drug were $383,315,177 in 1985 and $289,584,166 in 1984.

1985 STATISTICS FOR LEADING SHOE CHAINS

Company‡	Sales (000's)		%	Net Income (000's)		%	% Net Income to Sales		Pre-Tax Income (000's)		Shareholders' Equity (000's)		% Net Income to Shareholders' Equity	
	1985	1984	Chg.	1985	1984	Chg.	1985	1984	1985	1984	1985	1884	1985	1984
Melville Corp. (A)	$4,774,860	$4,261,627	+ 12.04	$210,812	$190,386	+ 10.73	4.42	4.47	$439,157	$398,313	$1,102,205	$ 954,778	19.13	19.94
INTERCO	2,510,740	2,625,746	− 4.38	92,347	72,163	+ 27.97	3.68	2.75	178,855	144,103	1,111,293	1,064,764	8.31	6.78
United States Shoe	1,920,225	1,717,401	+ 11.81	64,875	53,423	+ 21.44	3.38	3.11	123,901	100,092	477,334	427,828	13.59	12.49
Brown Group (B)	1,400,077	1,436,253	− 2.52	37,814	54,063	− 30.06	2.70	3.76	88,270	98,372	376,945	321,343	10.03	16.82
SCOA (C)	1,320,040	1,423,613	− 7.28	23,150	41,027	− 43.57	1.75	2.88	57,296	75,410	—	—	—	—
Nordstrom	1,031,857	958,678	+ 7.63	50,079	40,711	+ 23.01	4.85	4.25	87,379	72,511	314,119	271,709	15.94	14.98
Edison Bros. (D)	808,300	785,900	+ 2.85	27,000	32,900	− 17.93	3.34	4.19	38,100	51,400	215,900	282,600	12.51	11.64
Morse Shoe (E)	540,961	526,546	+ 2.74	7,164	9,092	− 21.21	1.32	1.73	10,109	13,075	132,946	130,554	5.39	6.96
Genesco	297,372	606,264	− 50.95	4,548	18,745	− 75.74	1.53	3.09	7,176	18,678	97,878	93,998	4.65	19.94
Stride Rite (F)	277,310	289,489	− 4.21	11,178	5,420	+ 106.24	4.03	1.87	17,552	8,481	111,526	105,674	10.02	5.13

NOTE: The criterion for inclusion in this list is that the sales of the chain be at least $200,000,000.

( ) Designates a loss.

+ 53 weeks in 1985; 52 weeks in 1984.

* 52 weeks in 1985; 53 weeks in 1984.

N.A. Not Available

FOOTNOTES:

(A) Sales of Melville's footwear division totaled $1,506,243,000 in 1985 and $1,423,271,000 in 1984. Net income includes discontinued operations in both years.

(B) Sales of Brown Group's footwear division totaled $1,074,253,000 in 1985 and $1,127,544,000 in 1983. Net income includes discontinued operations in both years.

(C) On December 10, 1985, SCOA became privately held through a leveraged buyout; net income includes an extraordinary loss of $7,771,000 in 1985.

(D) Net income of Edison Bros. includes discontinued operations in both years.

(E) Genesco's fiscal 1985 was for a six month period. Net income includes discontinued operations in 1984 and extraordinary gains of $172,000 in 1985 and $3,395,000 in 1984.

(F) Net income of Stride Rite includes an extraordinary gain of $489,000 in 1985.

1985 STATISTICS FOR LEADING MASS MERCHANDISERS

Mass Merchandisers (000's Omitted)	Sales 1985	Sales 1984	% Chg.	Profits 1985	Profits 1984	% Chg.	Profit To Sales 1985	Profit To Sales 1984	Pre-Tax Profits 1985	Pre-Tax Profits 1984	Shareholders' Equity 1985	Shareholders' Equity 1984	Profit/ Aver. Equity 1985
Sears, Roebuck (1)	$26,552,000	$26,508,000	+ 0.2	$ 766,000	$ 905,000	− 15.4	2.9	3.4	$1,413,600	1,694,800	$6,560,500	$6,681,700	11.6
K mart	22,420,000	21,096,000	+ 6.3	471,000	499,000	− 5.6	2.1	2.4	756,000	826,000	3,273,000	3,234,000	14.5
J.C. Penney	13,747,000	13,451,000	+ 2.2	386,000	407,000	− 5.2	2.8	3.0	683,000	697,000	4,051,000	3,812,000	9.8
Montgomery Ward (2)	5,383,000	6,495,000	− 17.1	42,000	53,000	− 20.7	0.8	0.8	78,000	78,000	1,420,000	1,719,000	2.7
F.W. Woolworth	5,958,000	5,737,000	+ 3.9	177,000	141,000	+ 25.5	3.0	2.5	314,000	251,000	1,223,000	1,051,000	15.6
TOTAL	74,060,000	73,287,000	+ 1.0	1,842,000	2,005,000	− 8.1	2.5	2.7	3,244,600	3,546,800	16,527,500	16,497,700	11.2

1985 STATISTICS FOR LEADING DISCOUNT STORES

Discount Stores (000's Omitted)	Sales 1985	Sales 1984	% Chg.	Profits 1985	Profits 1984	% Chg.	Profit To Sales 1985	Profit To Sales 1984	Pre-Tax Profits 1985	Pre-Tax Profits 1984	Shareholders' Equity 1985	Shareholders' Equity 1984	Profit/ Aver. Equity 1985
Wal-Mart Stores	$8,451,489	$6,400,861	+ 32.0	$327,473	$270,767	+ 20.9	3.9	4.2	$603,592	$501,420	$1,277,659	$ 984,672	29.0
Zayre	4,036,018	3,191,172	+ 26.5	94,647	78,033	+ 21.3	2.4	2.5	176,597	148,419	605,775	498,057	17.2
Ames Department Stores (3)	1,512,748	821,985	+ 84.0	40,367	28,516	+ 41.6	2.7	3.5	72,363	50,041	367,823	124,631	16.4
Rose's Stores	1,009,208	927,395	+ 8.8	20,322	23,898	− 15.0	2.0	2.6	34,022	41,898	160,828	144,130	13.3
Heck's	523,332	464,734	+ 12.6	(4,908)	(7,782)	N/A	N/A	N/A	(9,954)	(16,780)	90,715	98,026	N/A
Jamesway	523,146	475,406	+ 10.0	9,252	13,264	− 30.2	1.8	2.8	15,620	24,653	97,314	88,370	10.0
Family Dollar	410,088	340,919	+ 20.3	28,007	23,557	+ 19.0	6.8	6.9	52,005	44,476	115,678	91,000	27.1
Danners, Inc.	171,313	189,022	− 9.4	(529)	238	N/A	N/A	0.1	(538)	387	9,901	10,430	N/A
TOTAL	16,637,342	12,811,494	+ 29.9	514,631	430,491	+ 19.5	3.1	3.4	943,707	794,514	2,725,693	2,039,316	21.6

1985 STATISTICS FOR OTHER LEADING RETAILERS

Miscellaneous (000's Omitted)	Sales 1985	Sales 1984	% Chg.	Profits 1985	Profits 1984	% Chg.	Profit To Sales 1985	Profit To Sales 1984	Pre-Tax Profits 1985	Pre-Tax Profits 1984	Shareholders' Equity 1985	Shareholders' Equity 1984	Profit/ Aver. Equity 1985
Stop & Shop	$3,689,076	$3,247,248	+ 13.6	$30,300	$54,845	− 44.7	0.8	1.7	$47,548	$100,351	$ 405,670	$ 388,830	7.6
Interco	2,510,740	2,625,746	− 4.4	93,347	72,163	+ 29.4	3.7	2.8	178,855	144,103	1,193,032	1,144,921	8.0
Rapid-American	1,898,000	1,751,000	+ 8.4	85,140	(8,356)	N/A	4.5	N/A	65,477	(4,761)	109,968	76,446	91.3
Scoa (4)	1,320,040	1,423,613	− 7.3	23,150	41,027	− 43.6	1.8	2.9	57,296	75,410	762,445	505,565	3.7
Dollar General	584,437	480,514	+ 21.6	17,824	20,598	− 13.5	3.1	4.3	34,779	39,998	107,955	93,916	17.7
TOTAL	10,002,293	9,528,124	+ 5.0	249,761	180,277	+ 38.5	2.5	1.9	383,955	355,101	2,579,070	2,209,678	10.4

FOOTNOTES:

1. Merchandising group only.
2. Undergoing a major restructing.
3. Includes results of G.C. Murphy Co. acquired for about $199 million in June 1985.
4. Went private in a leveraged buyout Dec. 10, 1985. Figures for 1985 are for the period from Jan. 27, 1985 through Dec. 10 and are compared with the fiscal year ended Jan. 26, 1985. On a pro-forma basis designed to make the two years comparable, Scoa had operating profits of $85,430,000 in 1985, up 10.8 per cent from $77,088,000 in 1984. Sales were up 8.5 per cent to $1,213,700,000.

(Reprinted from **Daily News Record** — August 27, 1986)

LEADING FOOD CHAIN AVERAGES

(Average)	1985	1984	% Change
Sales	$3,744,715,000	$3,483,547,000	+ 7.50
Net Income	47,998,000	43,236,000	+ 11.01
Pre-Tax Income	79,862,000	68,181,000	+ 17.13
Shareholders'Equity	330,260,000	294,809,000	+ 12.03
%Net Income to Sales	1.28	1.24	+ 3.23
%Net Income to Shareholders' Equity	14.53	14.67	− 0.95

LEADING DRUG CHAIN AVERAGES

(Average)	1985	1984	% Change
Sales	$3,287,681,000	$2,950,485,000	+ 11.43
Net Income	64,972,000	73,944,000	− 12.13
Pre-Tax Income	122,853,000	127,372,000	− 3.55
Shareholders' Equity	468,302,000	443,062,000	+ 5.70
%Net Income to Sales	1.98	2.51	− 21.12
%Net Income to Shareholders' Equity	13.87	16.69	− 16.90

LEADING SHOE CHAIN AVERAGES

(Average)	1985	1984	% Change
Sales	$1,488,174,000	$1,463,152,000	+ 1.71
Net Income	52,897,000	51,793,000	+ 2.13
Pre-Tax Income	104,779,000	98,043,000	+ 6.87
Shareholders' Equity	437,794,000	405,916,000	+ 7.85
%Net Income to Sales	3.55	3.54	+ 0.28
%Net Income to Shareholders' Equity	12.08	12.76	− 5.33

LEADING FOOD CHAIN HISTORICAL AVERAGES

(Average)	Sales	Net Income
1985	$3,744,715,000	$47,998,000
1984	3,483,547,000	43,236,000
1983	3,878,137,000	42,921,000
1982	3,642,425,000	37,662,000
1981	3,377,345,000	34,437,000
1980	2,989,624,000	29,390,000
1979	2,520,472,000	19,965,000
1978	2,345,823,000	21,389,000
1977	1,973,834,000	16,623,000
1976	1,848,133,000	12,790,000

LEADING DRUG CHAIN HISTORICAL AVERAGES

(Average)	Sales	Net Income
1985	$3,287,681,000	$64,972,000
1984	2,950,485,000	73,944,000
1983	2,961,222,000	71,191,000
1982	1,473,850,000	36,843,000
1981	1,326,068,000	33,488,000
1980	1,154,711,000	27,073,000
1979	611,382,000	16,477,000
1978	568,427,000	14,646,000
1977	497,001,000	12,023,000
1976	415,279,000	10,003,000

LEADING SHOE CHAIN HISTORICAL AVERAGES

(Average)	Sales	Net Income
1985	$1,488,174,000	$52,897,000
1984	1,463,152,000	51,793,000
1983	1,543,009,000	64,782,000
1982	1,363,954,000	48,090,000
1981	1,277,904,000	55,256,000
1980	1,130,326,000	48,644,000
1979	986,516,000	45,213,000
1978	874,593,000	39,677,000
1977	758,527,000	32,401,000
1976	677,556,000	28,959,000

LEADING DEPARTMENT STORE AVERAGES

(Average)	1985	1984	% Change
Sales	$3,083,595,000	$2,879,436,000	+ 7.1
Net Income	104,563,000	100,441,000	+ 4.1
Pre-Tax Income	199,040,000	190,587,000	+ 4.4
Shareholders' Equity	785,227,000	661,868,000	+18.6
%Net Income to Sales	3.4	3.5	− 2.9
%Net Income to Shareholders' Equity	13.3	15.2	−12.5

LEADING SPECIALTY STORE AVERAGES

(Average)	1985	1984	% Change
Sales	$964,285,000	$786,738,000	+22.6
Net Income	45,140,000	35,846,000	+25.9
Pre-Tax Income	84,115,000	69,634,000	+20.8
Shareholders' Equity	234,492,000	197,272,000	+18.9
%Net Income to Sales	4.7	4.6	+ 2.17
%Net Income to Shareholders' to Equity	19.3	18.2	+ 6.04

LEADING MASS MERCHANDISER AVERAGES

(Average)	1985	1984	% Change
Sales	$14,812,000,000	$14,657,000,000	+ 1.1
Net Income	368,000,000	401,000,000	− 8.2
Pre-Tax Income	648,920,000	709,360,000	− 8.5
Shareholders' Equity	3,305,000,000	3,299,540,000	+ 0.2
%Net Income to Sales	2.5	2.7	− 7.4
%Net Income to Shareholders' Equity	11.1	12.2	− 9.0

LEADING DISCOUNTER AVERAGES

(Average)	1985	1985	% Change
Sales	$2,079,668,000	$1,601,437,000	+29.9
Net Income	64,329,000	53,811,000	+19.5
Pre-Tax Income	117,963,000	99,314,000	+18.8
Shareholders' Equity	340,712,000	254,914,000	+33.7
%Net Income to Sales	3.1	3.4	− 8.8
%Net Income to Shareholders' Equity	18.9	21.1	−10.4

OTHER LEADING RETAILER AVERAGES

(Average)	1985	1984	% Change
Sales	$2,000,459,000	$1,905,624,000	+ 5.0
Net Income	49,952,000	36,055,000	+38.5
Pre-Tax Income	76,791,000	71,020,000	+ 8.1
Shareholders' Equity	515,814,000	441,936,000	+16.7
%Net Income Sales	2.5	1.9	+31.6
%Net Income to Shareholders' Equity	9.7	8.2	+18.3

LEADING RETAIL COMPANIES BY PROFIT-TO-SALES RATIO

FOOD CHAINS

Bruno's	2.8
Food Lion	2.6
Giant Food	2.5
Circle K	2.0
Steinberg's	1.9
Canada Safeway	1.8
Hannaford	1.8
Albertson's	1.7
Nat'l. Convenience	1.7
Southland	1.7
Delchamps	1.5
Cullum Cos.	1.5
Ruddick	1.4
Winn-Dixie	1.4
Arden Group	1.4

DEPARTMENT STORES

Mercantile	5.5
May Dept. Stores	4.7
R.H. Macy	4.6
Dillaid Dept. Stores	4.2
Allied Stores	3.9
Strawbridge & Clothier	3.5
Dayton Hudson	3.2
Federated	2.9
Elder-Beerman	2.8
Assoc. Dry Goods	2.7
Wieboldt Stores	2.0
Crowley, Milner	1.7
Carson Pirie Scott	1.4
Carter Hawley Hale	1.2
D.H. Holmes	1.2

SPECIALTY STORES

Charming Shoppes	7.3
Deb Shops	7.0
Petrie Stores	6.7
The Limited	6.1
Haverty Furniture	5.2
Merry-Go-Round	4.4
Melville Corp.	4.4
The Gap	4.3
Paul Harris	3.8
Nordstrom	3.8
Jacobson's	3.5
U.S. Shoe	3.4
Edison Bros.	3.3
Kenwin Shops	2.1
Evans	1.3

DRUG CHAINS

Imasco	4.9
Rite Aid	4.0
Walgreen	3.0
Longs Drug	2.6
Thrifty	2.3
Perry Drug	1.8
Revco	1.6
Genovese	1.3
Kroger	1.1
Fay's Drug	0.6

SHOE CHAINS

Nordstrom	4.8
Melville Corp.	4.4
Stride Rite	4.0
INTERCO	3.7
U.S. Shoe	3.4

MASS MERCHANDISERS

F.W. Woolworth	3.0
Sears, Roebuck	2.9
J.C. Penney	2.8
K mart	2.1
Montgomery Ward	0.8

DISCOUNTERS

Family Dollar	6.8
Wal-Mart	3.9
Ames Dept. Stores	2.7
Zayre	2.4
Rose's Stores	2.0

OTHER RETAILERS

Rapid-American	4.5
INTERCO	3.7
Dollar General	3.1
SCOA	1.8
Stop & Shop	0.8

ACA JOE

(formerly Inmar Corporation)

915 Front Street
San Francisco, California 94111
(415) 986-5850

Officers: Walter A. Singer, chairman of the board & acting chief exec. officer; Harry R. Kraatz, president; Theodore R. Upland, III, chief financial officer, v.p.-finance & administration; Kathleen M. Callahan, v.p., general counsel & asst. secretary; Mark P. Zamberlin, secretary.

Directors: Walter A. Singer, chairman; Harry R. Kraatz, Joseph S. Rank, William A. Meyer, Richard S. Nair, A. Dan Phillips, Bernard M. Frank, Sheldon H. Sloan, Donald A. Karas.

Business Activities: Operates 11 stores in California that retail ACA JOE clothing, which is colorful, upscale mens' activewear. Also licenses others to operate ACA JOE stores. As of May 1, 1986, there were 41 licensed stores operating in 20 states.

Subsidiary:

ACA JOE International

Number of Stores: (at fiscal year end)

1986	11

Sales and Earnings

	Net Sales +	Net Income
1986	$ 12,846,792	$ 860,998
1985*	12,774,451	(2,972,306)
1984	16,894,730	(2,852,793)
1983	18,701,656	(72,219)
1982	17,870,119	490,768

	No. of Com. Shares ‡	Earn. per Share ‡
1986	12,309,735	$ 0.07
1985*	8,530,665	—
1984	6,479,718	—
1983	4,411,673	—
1982	3,408,316	0.14

(Loss)
* 53 weeks.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 10,441,725	$ 0.85
1984	(252,992)	—
1983	2,586,124	0.40
1982	3,659,036	0.83
1981	3,730,295	1.09

(Deficiency)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	2/2/86	2/3/85
Wholesale sales	$ 4,529,432	$ 365,548
Retail sales	3,597,360	11,973,903
Licensing revenue	4,720,000	405,000
Total Sales	$ 12,846,792	$ 12,744,451
Cost of sales	6,937,645	7,032,575
Expenses	4,624,023	7,133,901
Interest expense	158,740	277,801
Interest income	(425,748)	48,060
Other income	(18,030)	(255,702)
Consideration to deben. holders	231,000	—
Pooling costs	173,434	—
Inc. (loss) bef. taxes	$ 1,165,728	$ (1,396,064)
Income taxes	285,100	—
Inc. (loss) -cont. oper.	$ 880,628	$ (1,396,064)
Loss from discont. oper.	(19,630)	(1,576,242)
Net Income (Loss)	$ 860,998	$ (2,972,306)

* Included in Costs and Expenses, Depreciation and Amortization: $303,276 in 1986 and $460,531 in 1985.

Assets

As of	2/2/86	2/3/85
Cash	$ 956,243	$ 393,141
Int. bearing deposits	5,953,705	1,211,000
Accts. receiv., net	3,936,430	1,257,412
*Inventories	4,323,467	423,965
Prepaid expenses	553,342	39,625
Current Assets	$ 15,723,187	$ 3,325,143
#Fixed assets	3,229,987	618,729
Other assets	422,999	261,590
Total Assets	$ 19,376,173	$ 4,205,462

Liabilities

Notes payable	$ 575,253	$ 555,556
Long-term debt, curr.	81,763	7,650
Cap. lease oblig., curr.	695,015	115,862
Accts. payable & accruals	5,798,492	1,934,703
Accts. payable - related parties	572,000	22,500
Accrued liab. - discont. oper.	130,478	610,789
Curr. Liabilities	$ 7,346,251	$ 3,220,181
Long-term debt	173,182	1,091,170
Cap. lease oblig	695,015	115,862
Deferred income	720,000	31,241
+Common stock	1,344,809	867,627
Add. paid-in capital	13,329,869	3,924,507
Accum. deficit	(4,232,953)	(5,045,126
Total Liabilities & Shareholders' Equity	$ 19,376,173	$ 4,205,462

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	8.25	—
Debt to Equity	0.21	—
Working Capital	$ 8,376,936	$ 104,962
Current Ratio	2.14	1.03
Shareholders' Equity (Deficiency)	$10,441,725	$(252,992)

Aileen, Inc.

331 East 38th Street
New York, New York 10016
(212) 679-7010

Officers: Abe Oberlin, chairman of the board & president; William Lillard, Francis Hoiden, Stephen S. Landau, v.p.'s; Harold J. Lash, v.p. & treasurer; Alvin M. Stein, secretary.

Directors: Abe Oberlin, Bernard B. Jacobs, Lawrence I. Lachman, Wilbur L. Ross, Jr., Gerald Schoenfeld, Isidor B. Seidler.

Business Activities: Manufactures women's apparel and markets it through its 44 factory-outlet stores.

Divisions:

Aileen Division
1411 Broadway
New York, New York 10018

Manufactures and markets moderately priced active sportswear for the young woman.

The Aileen II Division
1411 Broadway
New York, New York 10018

Manufactures large-sized women's clothing.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: AEE

Number of Stores: (at fiscal year end)

1985	44	1984	31

Sales and Earnings

	Net Sales	Net Income
1985	$ 53,259,000	$ 112,000
1984*	54,205,000	(1,951,000)
1983	49,798,000	(193,000)
1982	52,852,000	(4,566,000)
1981	53,497,000	(2,597,000)

	No. of Com. Shares	Earn. per Share
1985	5,075,888	$ —
1984*	5,075,534	—
1983	5,067,826	—
1982	5,067,488	—
1981	5,067,488	—

(Loss)
* 53 weeks.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 31,511,000	$ 6.21
1984	31,399,000	6.19
1983	33,343,000	6.57
1982	33,520,000	6.61
1981	38,086,000	7.52

Income Account *

Year ended	11/2/85	11/3/84
Net sales	$ 53,259,000	$ 54,205,000
Other income	75,000	764,000
Total income	$ 53,334,000	$ 54,969,000
Cost of sales	38,703,000	43,455,000
Expenses	13,873,000	13,019,000
Interest expense	246,000	296,000
Prov. for idle plant costs	400,000	150,000
Net Income (Loss)	$ 112,000	$ (1,951,000)

* Included in Costs and Expenses, Depreciation and Amortization: $2,270,000 in 1985 and $2,527,000 in 1984.

Assets

As of	11/2/85	11/3/84
Cash	$ 985,000	$ 747,000
Accts. receiv., net	11,421,000	9,487,000
*Inventories	9,046,000	12,806,000
Other assets	280,000	415,000
Current Assets	$ 21,732,000	$ 23,455,000
#Fixed assets	13,499,000	15,488,000
Fixed assets held for sale	6,221,000	6,258,000
Other assets	98,000	56,000
Total Assets	$ 41,550,000	$ 45,257,000

Liabilities

Bank loan	$ 2,101,000	$ 4,071,000
Long-term debt, curr.	769,000	769,000
Accts. payable	1,926,000	2,724,000
Accruals	2,935,000	2,217,000
Loan payable	—	1,000,000
Curr. Liabilities	$ 7,731,000	$ 10,781,000
Long-term debt	2,308,000	3,077,000
+Common stock	5,076,000	5,076,000
Add. paid-in capital	11,399,000	11,399,000
Retained earnings	15,036,000	14,924,000
Total Liabilities & Shareholders' Equity	$ 41,550,000	$ 45,257,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Aileen, Inc.

Statistical Summary

%Net Income to Sales	0.21	—
%Net Income to Equity	0.36	—
Sales to Inventories	5.89	4.23
Debt to Equity	0.10	0.12
Working Capital	$14,001,000	$12,674,000
Current Ratio	2.81	2.18
Shareholders' Equity	$31,511,000	$31,399,000

Albertson's, Inc.

P.O. Box 20
250 Parkcenter Boulevard
Boise, Idaho 83726
(208) 344-7441

Officers: J.A. Albertson, chairman of the exec. committee; Warren E. McCain, chairman of the board & chief exec. officer; John B. Carley, president; Kenneth R. Huff, exec. v.p.-retail support systems; Gary G. Michael, vice-chairman & chief financial & corporate development officer; C. Clinton Joyce, sr. v.p.-management information systems; Alec R. Gloth, sr. v.p.-store planning; Michael F. Reuling, sr. v.p.-real estate; Gerald R. Rudd, sr. v.p.-human resources; Wendell E. Hornecker, sr. v.p.-design & construction; Thomas R. Saldin, sr. v.p. & general counsel; W.L. Jordon, sr. v.p. & regional mgr.; vice presidents: Pamela J. Beaumont-marketing; Robert C. Braun-distribution; David I. Connolly-treasurer; Harvey S. Durand-drug div.; Dennis R. Graves, v.p.-general merchandise sales; Peter W. Gustavsen-distribution; James L. Jackson-dairy operations; Alfred A. Kasner-grocery sales; Kenneth R. Kramer-service delicatessen sales; Lee F. Levy-private label operations; Leland M. Pollock-meat sales; M. Jed Pritchett, Jr.-industrial relations; Richard C. Rowe-produce & liquor sales; Patrick S. Steele-systems; Jerry R. Timm, controller; Steven D. Young-personnel; Minnie O. Armstrong, secretary; Ada A. Connor, Carol L. Wood, asst. secretaries.

Directors: J.A. Albertson, Kathryn Albertson, R.V. Hansberger, B.Z. Kastler, Warren E. McCain, John B. Fery, Charles D. Lein, John B. Carley, Gary G. Michael, David Little, James E. Bruce, Cecil D. Andrus.

Business Activities: Operates 444 stores in 17 western and southern states, broken down into 225 conventional supermarkets, 123 superstores, and 96 combination food-drug units.

Transfer Agent(s):

Morgan Guaranty Trust Company
of New York
New York, New York

The Idaho First National Bank
Boise, Idaho

Stock Exchange(s): New York, Pacific

Ticker Symbol: ABS

Number of Stores: (at fiscal year end)

1986	444	1983	416
1985	434	1982	412
1984	432		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 5,060,265	$ 85,110
1985	4,735,724	79,746
1984	4,279,331	70,281
1983*	3,940,117	58,375
1982	3,480,570	48,478

	No. of Com. Shares ‡	Earn. per Share ‡
1986	33,170,493	$ 2.57
1985	32,951,888	2.42
1984	32,728,664	2.15
1983*	30,631,626	1.91
1982	30,837,334	1.57

* 53 weeks.
‡ Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.76	—	—
1985	0.68	—	—
1984	0.60	—	2-for-1
1983	0.50	—	—
1982	0.44	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 518,709,000	$ 15.60
1985	454,419,000	13.75
1984	391,847,000	11.93
1983	340,348,000	10.44
1982	238,792,000	8.03

Income Account *
(000's)

Year ended	1/30/86	1/31/85
Net sales	$ 5,060,265	$ 4,735,724
Cost of sales	3,948,698	3,692,521
Expenses	953,432	895,323
Interest expense	9,936	3,328
Other income	(6,575)	(2,910)
Income before taxes	$ 154,774	$ 147,462
Income taxes	69,664	67,716
Net Income	$ 85,110	$ 79,746

* Included in Costs and Expenses, Depreciation and Amortization: $59,978,000 in 1986 and $51,428,000 in 1985.

Assets
(000's)

As of	1/30/86	1/31/85
Cash & short-term securities	198,850	201,138
Accts. & notes receiv., net	$ 34,526	$ 35,739
*Inventories	301,985	266,906
Prepaid expenses	5,315	5,111
Def. inc. tax benefits	23,144	20,885
Current Assets	$ 561,820	$ 529,779
#Fixed assets	539,744	482,789
Other assets	23,053	20,308
Total Assets	$ 1,124,617	$ 1,032,876

Liabilities
(000's)

Long-term debt, curr.	$ 5,329	$ 5,291
Accts. payable	262,375	249,397
Accrued payroll	45,078	38,870
Income taxes	8,088	11,743
Other taxes	14,482	15,331
Oblig. under cap. leases, curr.	4,057	3,974
Other liab.	11,153	10,574
Curr. Liabilities	$ 350,562	$ 335,180
Long-term debt	78,491	82,185
Oblig. under cap. leases	109,943	112,050
Deferred income taxes	6,749	1,776
Deferred invest. credit	17,123	16,794
Deferred rents payable	31,722	20,836
Deferred compensation	11,318	9,636
+Common stock	33,249	33,057
Add. paid-in capital	78,883	74,668
Retained earnings	406,577	346,694
Total Liabilities & Shareholders' Equity	$ 1,124,617	$ 1,032,876

* At LIFO cost.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.06	3.11
%Net Income to Sales	1.68	1.68
%Net Income to Equity	16.41	17.55
Sales to Inventories	16.76	17.74
Debt to Equity	0.38	0.45
Working Capital	$211,258,000	$194,599,000
Current Ratio	1.60	1.58
Shareholders' Equity	$518,709,000	$454,419,000

Alexander's, Inc.

500 Seventh Avenue
New York, New York 10018
(212) 560-2121

Officers: Robin L. Farkas, chairman of the board; Bruce R. Farkas, chairman of the executive committee, vice chairman of the board & chief operating officer; Roger A. Barrer, co-president; Louis Powell, co-president; Robert Geber, sr. v.p.-operations; Leon Peck, sr. v.p.-control, Frances S. Leichtman, sr. v.p.-div. mdse. mgr; Gordon L. Bluestone, sr. v.p. & gen. mdse. mgr.; William H. Pavony, sr. v.p.-finance; Edwin Dreher, v.p.-loss prevention; Joan R. Carstens, Murray Cohen, David C. Rubin, Robert G. Spevak, vice presidents & divisional merchandise managers; John A. Donovan, v.p.-personnel planning & research; Donald W. Madsen, v.p.-construction & plant; Raphael Present, v.p.-director of stores; Donald Sharon, v.p. & director of warehouses; Harvey B. Wetson, v.p.-store planning; Thomas M. Coleman, v.p.-financial administration; Patrick C. Raccioppi, v.p.-advertising director; Brian M. Kurtz, v.p. & controller.

Directors: Robin L. Farkas*, chairman of the board; Bruce R. Farkas*, Roger Barrer, David A. Goldberg, Eugene M. Lang, Neil Underberg*, Martin Roaman*, Stephen Mann, Thomas R. DiBenedetto*, Phillip Gordon*, David G. Marshall, Robert A. Moor*, Arthur I. Sonnenblick, Molly M. South, Richard West.

* Member of the Executive Committee.

Business Activities: Operates a chain of department stores in the greater New York Metropolitan area.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
Manufacturers' Stock Transfer Department
P.O. Box 24935
Church Street Station
New York, N.Y. 10249

Stock Exchange(s): New York

Ticker Symbol: ALX

Number of Stores: (at fiscal year end)

1985	15	1982	16
1984	15	1981	16
1983	15		

Sales and Earnings

	Net Sales ‡	Net Income
1985	$ 520,045,000	$ 5,011,000
1984	517,336,000	4,009,000
1983	511,336,000	4,633,000
1982	506,781,000	3,222,000
1981	523,552,000	(9,568,000)

	No. of Com. Shares	Earn. per Share #
1985	4,519,168	$ 1.11
1984	4,519,168	0.89
1983	4,519,168	1.03
1982	4,519,168	0.71
1981	4,519,168	—

(Loss)
‡ Including leased departments.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$ —	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	—
1981	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 72,913,000	$ 16.13
1984	67,902,000	15.03
1983	63,893,000	14.14
1982	59,260,000	13.11
1981	56,038,000	12.40

Income Account *
(000's)

Year ended	7/27/85	7/28/84
Net sales	$ 520,045	$ 517,336
Cost of sales	384,170	384,239
Expenses	121,539	121,442
Interest expense	5,510	5,996
Income before taxes	$ 8,826	$ 5,659
Income taxes	3,815	1,650
Net Income	$ 5,011	$ 4,009

* Included in Costs and Expenses. Depreciation and Amortization: $7,442,000 in 1985 and $7,250,000 in 1984.

Assets
(000's)

As of	7/27/85	7/28/84
Cash	$ 3,718	$ 3,829
Short-term invest.	6,000	7,000
*Inventories	54,847	54,439
Other curr. assets	9,001	7,584
Current Assets	$ 73,566	$ 72,852
#Fixed assets	93,153	90,667
Other assets	11,115	11,908
Total Assets	$ 177,834	$ 175,427

Liabilities
(000's)

Long-term debt, curr.	$ 5,458	$ 5,016
Accts. payable	23,299	21,403
Income taxes	206	119
Other taxes	4,744	4,477
Curr. Liabilities	$ 33,707	$ 31,015
Long-term debt	63,428	69,212
Deferred inc. taxes	7,786	7,298
+Common stock	4,717	4,717
Add. paid-in capital	9,498	9,498
Retained earnings	59,797	54,786
Treasury stock	(1,099)	(1,099)
Total Liabilities & Shareholders' Equity	$ 177,834	$ 175,427

* At lower of cost (FIFO) or market, as determined by the retail inventory method.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.70	1.09
%Net Income to Sales	0.96	0.77
%Net Income to Equity	6.87	5.90
Sales to Inventories	9.48	9.50
Debt to Equity	0.94	1.09
Working Capital	$39,859,000	$41,837,000
Current Ratio	2.18	2.35
Shareholders' Equity	$72,913,000	$67,902,000

Allied Stores Corporation

1114 Avenue of the Americas
New York, New York 10036
(212) 764-2000

Officers: Thomas M. Macioce, chairman of the board & chief executive officer; John T. Cullen, vice chairman & chief merchandising officer; Donald F. Dunn, sr. v.p. & exec. group mgr.; Howard E. Hassler, exec. v.p.-finance; James A. Walsh, president & chief operating officer; William J. Stapleton, v.p.-EDP services and management information services; Joseph J. Calandro, Jr., v.p.-taxes; Frank R. D'Elia, sr. v.p., secretary & corp. attorney; Benjamin Frank, sr. v.p.-legal & gov't affairs; Frank S. Fuino Jr., v.p. & treasurer; Frank W. Harvey, sr. v.p., exec. group mgr. & pres. of Maas Brothers; Joseph M. Lesser, sr. v.p. & exec. group mgr.; B. Ruben L. Slape, v.p.-credit; Alfred J. Schwarz, sr. v.p.-personnel & exec. development; Frank T. Reilly, sr. v.p. & president of Brooks Brothers; Frank J. Zamboni, v.p.-real estate; John P. Murphy, v.p.-financial & security audit; Elliot J. Stone, v.p. & pres.-Jordan Marsh, Boston; Lawrence Stone, v.p. & pres.-Stern's; William S. Ruben, v.p. & president-Bonwit Teller; Wilbur J. Fix, v.p. & pres.-The Bon; Charles B. James, II, v.p. & exec. group mgr.; Robert L. Mettler, v.p. & pres.-Joske's; Ralph Nofi, v.p. & pres.-Allied Stores Marketing Corp.; Leonard M. Snyder, v.p., exec. group mgr. & pres.-Donaldson's; Robert Tanner, v.p.-construction & store planning; Orren F. Knauer, v.p.-investor relations; Robert J. Strechay, controller; JoAnn Abma, Phillip Silverman, asst. v.p.'s; Lawrence Saunders, asst. treasurer.

Directors: Milton P. Brown*, Leonard H. Goldenson, George C. Kern, Jr.*, Lillian Berkman, Thomas M. Macioce*, Donald F. Dunn, John T. Cullen, Howard E. Hassler, Franklin A. Thomas*, James A. Walsh, Frank A. Bennack, Jr.*, Frank T. Reilly, William A. Marquard, Theodore C. Rogers, John P. Diesel.

* Member of the Executive Committee.

Business Activities: Owns and operates department stores and specialty stores.

Department Stores:

New England

Jordan Marsh
Operates 18 stores, primarily in the New England states.

Read's
Operates 6 stores, primarily in Connecticut.

Mid-Atlantic

Stern's
Operates 17 stores in New Jersey and on Long Island, New York.

Pomeroy's
Operates 15 stores primarily in Eastern Pennsylvania.

Dey's
Operates 4 stores in the Syracuse, New York area.

Southeast

Maas Brothers
Operates 21 stores, primarily on the west coast of Florida.

Jordan Marsh
Operates 16 stores on the east coast of Florida.

Miller & Rhoads
Operates 21 stores in Virginia and North Carolina.

Millers
Operates 13 stores, primarily in Eastern Tennessee.

Cain-Sloan
Operates 4 stores in the Nashville, Tennessee area.

Midwest

Donaldson's
Operates 15 stores, primarily in Minnesota.

Block's
Operates 11 stores, primarily in the Indianapolis, Indiana area.

Herpolsheimer's
Operates 6 stores in Western Michigan.

Heer's
Operates 2 stores in Springfield, Missouri area.

Southwest

Joske's
Operates 27 stores, primarily in Texas.

Northwest

The Bon
Operates 39 stores in the Pacific Northwest.

Specialty Stores

Brooks Brothers
Operates 43 stores throughout the United States and 7 in Japan.

Bonwit Teller
Operates 15 stores throughout the United States.

Garfinckel's
Operates 10 stores in Washington, D.C. area.

Ann Taylor
Operates 73 stores throughout the United States.

Catherines Stout Shoppe
Operates 158 Catherine's stores and 49 Plus-Size stores throughout the United States.

Plymouth
Operates 49 stores in New York City and Washington, D.C.

Jerry Leonard
Operates 26 stores in the Midwest and Southwest.

Transfer Agent(s):
The Bank of New York
Stock Transfer Department
90 Washington Street
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: ALS

Number of Stores: (at fiscal year end)

1986	665	1983	533
1985	597	1982	512
1984	570		

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's)
1986	$ 4,135,027	$ 159,000
1985	3,970,469	141,000
1984	3,675,873	128,000
1983	3,215,634	91,000
1982	2,732,697	88,000

	No. of Com. Shares †	Earn. per Share ×
1986	46,102,000	$ 3.70
1985	41,940,000	3.36
1984	41,926,000	3.07
1983	41,642,000	2.20
1982	40,460,000	2.19

‡ Includes leased departments.
† Adjusted to reflect stock split.
× Based on the average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$1.07	—	2-for-1
1985	1.00	—	—
1984	0.925	—	—
1983	0.90	—	—
1982	0.875	—	—

+ Adjusted to reflect stock split.

Allied Stores Corporation

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$1,258,470,000	$ 27.30
1985	1,063,000,000	25.35
1984	964,000,000	23.00
1983	868,000,000	20.84
1982	798,000,000	19.72

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	2/1/86	2/2/85
Net sales	$ 4,135,027	$ 3,970,469
Other income	60,836	40,136
Total Income	$ 4,195,863	$ 4,010,605
Cost of goods sold	2,815,413	2,701,071
Expenses	1,010,325	953,156
Interest expense	80,250	91,145
Income before taxes	$ 289,875	$ 265,233
Income taxes	130,600	124,500
Net Income	$ 159,275	$ 140,733

* Included in Costs and Expenses, Depreciation and Amortization: $93,121,000 in 1985 and $86,745,000 in 1984

Assets
(000's)

As of	2/1/86	2/2/85
Cash	$ 8,491	$ 11,746
Accts. receiv., net	1,047,014	1,021,071
*Inventories	638,841	606,770
Prepaid expenses	22,312	19,296
Current Assets	$ 1,716,658	$ 1,658,883
#Fixed assets	975,110	948,740
Other assets	80,069	68,019
Total Assets	$ 2,771,837	$ 2,675,642

Liabilities
(000's)

Notes payable	$ 23,000	$ 65,000
Long-term debt, curr.	17,661	41,385
Accts. payable	333,361	303,647
Accruals	133,022	128,966
Income taxes	185,283	182,422
Other taxes	52,315	53,367
Curr. Liabilities	$ 744,622	$ 774,787
Long-term debt	664,104	753,393
Deferred inc. taxes	104,641	84,132
+ Common stock	46,102	20,970
Add. paid-in capital	251,986	194,956
Retained earnings	960,382	847,404
Total Liabilities & Shareholders' Equity	$ 2,771,837	$ 2,675,642

* At lower of cost (primarily LIFO) or market, by the retail inventory method.
# Less accumulated depreciation
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	7.01	6.68
%Net Income to Sales	3.85	3.54
%Net Income to Equity	12.66	13.24
Sales to Inventories	6.47	6.54
Debt to Equity	0.56	0.81
Working Capital	$ 972,036,000	$ 884,096,000
Current Ratio	2.31	2.14
Shareholders' Equity	$1,258,470,000	$1,063,330,000

Allied Supermarkets, Inc.

8711 Meadowdale
Detroit, Michigan 48228
(313) 943-3300

Officers: Lon D. Makanoff, president & chief operating officer; David K. Page, chairman of the board & chief exec. officer; Elmer L. Blatz, sr. v.p.-wholesale operations; Donald R. Gapp, v.p. & controller; John W. Masek, v.p.-industrial relations; Joseph Mocnik, sr. v.p. & gen. mgr.-Great Scott Super Markets and Family Drug Division; Dennis M. Siedlaczek, v.p. & gen. mgr.-Abner A. Wolf Company; Lloyd Silberman, treasurer; Larry D. Hunter, corporate secretary.

Directors: David K. Page, chairman; D.J. Rixmann, Martin E. Citrin, Sidney Lapidus, Lon D. Makanoff.

Business Activities: Allied operates 21 Great Scott! supermarkets and two Scotty's Food Warehouses in Michigan, and one K mart Food Store in South Dakota. It also operates a wholesale division, the Abner Wolf Company, which serves independent grocery stores in Michigan and Ohio and operates five Cash & Carry wholesale outlets. In addition, Allied operates one Family Discount Drug Store in Michigan.

Transfer Agent(s):
National Bank of [illegible]
611 Woodward Avenue
Detroit, Michigan 48226

Stock Exchange(s): New York

Ticker Symbol: ASU

Number of Stores*: (at fiscal year end)

1985	30	1982	105
1984	96	1981	116
1983	100		

* Includes drug units, most of which are located in Allied supermarkets.

Sales and Earnings

	Net Sales	Net Income †
1985	$ 480,080,000	$ 325,000
1984*	529,793,000	(2,566,000)
1983	575,749,000	14,814,000
1982	603,358,000	42,752,000
1981	609,384,000	5,498,000

	No. of Com. Shares #	Earn. per Share #†
1985	11,279,900	$ 0.01
1984*	11,070,780	—
1983	11,091,649	1.31
1982	9,322,628	4.57
1981	5,218,497	1.05

(Loss)
* 53 weeks.
† Including extraordinary gains of $140,000 ($0.01 per share) in 1985, $11,729,000 ($1.05 per share) in 1983, $38,105,000 ($4.09 per share) in 1982 and $1,288,000 ($0.24 per share) in 1981.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 52,443,000	$ 4.65
1984	52,026,000	4.70
1983	56,083,000	5.06
1982	41,538,000	4.44
1981	(2,574,000)	—

Income Account *
(000's)

Year ended	6/29/85	6/30/84 (53 weeks)
Net sales	$ 480,080	$ 529,793
Other income	4,562	5,837
Total Income	$ 484,642	$ 535,630
Cost of sales	402,629	439,580
Expenses	80,254	97,391
Loss on sale of div.	1,434	—
Cost of store clos.	—	1,225
Inc. (loss) bef. taxes	$ 325	$ (2,566)
Income taxes	140	—
Net Income (Loss)	$ 185	$ (2,566)
Extraord. gain	140	—
Net Income (Loss) & extraord. gain	$ 325	$ (2,566)

* Included in Costs and Expenses, Depreciation and Amortization: $3,652,000 in 1985 and $3,788,000 in 1984.

Assets
(000's)

As of	6/29/85	6/30/84
Cash	$ 4,674	$ 5,951
Marketable securities	32,173	13,157
Accts. & notes receiv., net	7,806	9,052
*Inventories	27,034	44,167
Prepaid expenses	1,183	1,771
Current Assets	$ 72,870	$ 74,098
#Fixed assets	14,590	22,581
Cap. leases	5,539	9,358
Other assets	2,409	2,077
Total Assets	$ 95,408	$ 108,114

Liabilities
(000's)

Notes, mortg. & cap. lease oblig., curr.	$ 1,027	$ 1,628
Accts. payable	18,003	25,237
Accruals:		
Payroll	5,661	6,923
Self-insurance	2,288	1,409
Other	3,887	3,563
Curr. Liabilities	$ 30,866	$ 38,760
Notes & mortgages	53	1,695
Capitalized lease oblig.	5,882	9,990
Other liabilities	3,164	2,643
+ Redeem. pref. stock	3,000	3,000
+ + Common stock	826	754
Add. paid-in capital	25,916	24,705
Retained earnings	27,900	27,314
Notes receiv.	(788)	—
Treasury stock	(1,411)	(1,247)
Total Liabilities & Shareholders' Equity	$ 95,408	$ 108,114

* At lower of cost (Retail or FIFO) or market.
# Less accumulated depreciation and amortization.
+ $100 par value.
+ + $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.07	—
%Net Income to Sales	0.04	—
%Net Income to Equity	0.35	—
Sales to Inventories	17.76	12.00
Debt to Equity	0.13	0.26
Working Capital	$42,004,000	$35,338,000
Current Ratio	2.36	1.91
Shareholders' Equity	$52,443,000	$52,026,000

American Can Company

American Lane
P.O. Box 3610
Greenwich, Connecticut 06836
(203) 552-2000

Officers: William S. Woodside, chairman of the board; Gerald Tsai, Jr., vice chairman; Kenneth A. Yarnell, Jr., sr. exec. v.p. and chief financial officer; Frank J. Connor, president; Alfred G. Goldstein, president-Specialty Retailing Sector; C. Richard Pedersen, sr. v.p., general counsel & secretary; Michael I. Roth, sr. v.p.-corporate finance & tax; Robert M. Abramson, sr. v.p.-strategic planning; Robert J. Bell, gen. auditor & v.p.;

David I. Chemerow, v.p. & controller; Robert B. Bogart, sr. v.p.-corporate human resources; John G. Polk, president-Packaging Sector; Walter A. Scott, president-Financial Services Sector; James A. Long, sr. v.p.-mergers & acquisitions; David A. Frank, v.p. & treasurer.

Directors: William S. Woodside, chairman; William F. May, Frank J. Connor, Richard R. Hough, Harry S. Howard, Jr., Martha Redfield Wallace, Joseph A. Califano, Jr., Gerald Tsai, Jr., Lawrence Lachman, Keith D. Bunnel, Charles E. Hugel, J. Bruce Llewellyn, Jerry S. Rosenbloom; Kenneth A. Yarnell, Jr.

Business Activities: Operates in three principal business segments: packaging, specialty retailing, and financial services. The Company's Pickwick International Inc. subsidiary, through its unit, The Musicland Group, is a retailer of prerecorded music, video music, audio and video equipment and other home entertainment products. The Musicland Group operates approximately 450 specialty retailing stores nationwide under the names "Musicland," "Sam Goody," "Discount Records," and "Pickwick Music." Another subsidiary, Dunhams's Athleisure Corporation, operates an eleven-store Midwestern retail chain selling athletic apparel, footwear and sporting equipment.

Retail Subsidiaries:

Pickwick International, Inc.
Minneapolis, Minnesota
Merchandising and retailing of records, tapes, and audio and video equipment.

Dunham's Athleisure Corporation
Drayton Plains, Michigan
Retail sale of athletic apparel, footwear and sporting equipment.

Fingerhut Companies, Inc.
Minnetonka, Minnesota
Engaged in the business of direct mail merchandising.

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: AC

Number of Stores: (at fiscal year end)

1985	462	1982	420
1984	N.A.	1981	425
1983	N.A.		

N.A.-Not available.

Sales and Earnings

	Net Sales (000's)	Net Income † (000's)
1985	$ 2,854,800	$ 149,100
1984	3,177,900	136,000
1983	3,346,400	100,100
1982	4,063,400	(132,900)
1981	4,836,400	76,700

	No. of Com. Shares ‡	Earn. per Share † ‡
1985	24,411,000	$ 5.06
1984	22,546,000	4.90
1983	20,016,000	3.75
1982	18,700,000	—
1981	19,353,000	3.77

† Including extraordinary gains of $3,600,000 ($0.16 per share) in 1984 and $5,600,000 ($0.28 per share) in 1983.
‡ Based on the weighted average number of common shares outstanding.

Revenues By Line of Business
(000's)

	1985	1984
Container & packaging	$ 1,676,900	$ 1,881,900
Specialty retailing	1,155,700	995,200
Other business	22,200	300,800
Total	$ 2,854,800	$ 3,177,900

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$2.90	—	—
1984	2.90	—	—
1983	2.90	—	—
1982	2.90	—	—
1981	2.90	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share †
1985	$ 1,266,600	$ 51.89
1984	1,047,100	46.44
1983	910,200	45.47
1982	804,500	43.02
1981	1,041,700	53.83

† Based on the weighted average number of common shares outstanding.

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 2,854,800	$ 3,177,900
Cost of sales	2,041,500	2,437,100
Expenses	646,300	572,500
Eq. in earn. of fin. subsid.	(200,300)	(137,000)
Interest expense	65,000	64,800
Corp. exp.	67,600	69,700
Unusual items	(10,500)	7,000
Income before taxes	$ 245,200	$ 163,800
Income taxes	96,100	31,400
Net Income	$ 149,100	$ 132,400
Extraord. gain	—	3,600
Net Income & Extraord. Gain	$ 149,100	$ 136,000

* Included in Costs and Expenses, Depreciation: $63,700,000 in 1985 and $76,800,000 in 1984.

Assets

As of Dec. 31	1985	1984
Cash & short-term investments	$ 240,000	$ 54,200
Accts. and notes receiv., net	456,900	375,200
*Inventories	277,100	257,200
Inc. tax benefits	101,400	113,100
Current Assets	$ 1,075,400	$ 799,700
Invest. in fin. subsid.	1,161,400	921,700
#Fixed assets	—	118,400
Invest. in James River Corp.	624,000	570,900
Other assets	222,800	216,000
Total Assets	$ 3,083,600	$ 2,626,700

Liabilities
(000's)

Short-term & long-term debt, curr.	$ 22,000	$ 16,900
Accts. payable	251,600	188,600
Accrued and other liabilities	434,100	375,600
Curr. Liabilities	$ 707,700	$ 581,100
Long-term debt	663,200	527,300
Empl. benefits related to plant clos.	125,300	128,100
Reserve for business restructure	29,800	37,600
Deferred inc. taxes	90,700	104,600
+ Redeem. pref. stock	200,300	200,900
+ + Common stock	28,000	25,200
Add. paid-in capital	607,500	447,800
Unrealized depreciation	(10,800)	(15,200)
Cumulative translation adjustment	(43,500)	(47,600)
Earnings reinvested in business	728,300	677,400
Treasury stock	(42,900)	(40,500)
Total Liabilities & Shareholders' Equity	$ 3,083,600	$ 2,626,700

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ No par value.
+ + $12.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.59	5.15
%Net Income to Sales	5.22	4.17
%Net Income to Equity	11.77	12.64
Sales to Inventories	10.30	12.36
Debt to Equity	0.54	0.52
Working Capital	$ 367,700,000	$ 218,600,000
Current Ratio	1.52	1.38
Shareholders' Equity	$1,266,600,000	$1,047,100,000

American Maize-Products Company

41 Harbor Plaza Drive
Stamford, Connecticut 06904
(203) 356-9000

Officers: William Ziegler, III, chairman of the board & chief executive officer; Les C. Liabo, president & chief operating officer; Alan J. Edly, v.p.-finance; Edgar D. Gates, v.p.-personnel & administration; Charles A. Koons, v.p.-corporate development & planning; John R. Twedy, v.p.; Donald E. McNicol, secretary & general counsel; Robert A. Britton, treasurer; Edward P. Norris, v.p. & controller; Cynthia C. Ziegler, asst. secretary.

Directors: William Ziegler, III*, chairman; Gene K. Beare, Charles B. Cook, Jr.*, Edward Gelsthorpe, Les C. Liabo*, Donald E. McNicol*, Alan J. Edly, William C. Steinkraus, John C. Wrightson.

*Member of the Executive Committee.

Business Activities: The Company's Building Materials Division sells building materials and home improvement items to the do-it-yourself customer and the contractor through 3 Lloyd Home & Building Centers located in New York, Connecticut and Pennsylvania. Also produces corn syrups and other corn products, and cigars.

Divisions:

Corn Processing Division

Subsidiaries:

American Fructose Corporation
Jno. H. Swisher & Son, Inc.
Martin Brothers International, Inc.
Corral-Wodiska y Ca.
Lloyd Home & Building Centers, Inc.

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: AZE

Number of Stores: (at fiscal year end)

1985	36	1982	38
1984	39	1981	43
1983	39		

Sales and Earnings

	Net Sales +	Net Income ‡
1985	$ 433,168,000	$ (4,668,000)
1984	414,288,000	10,002,000
1983	357,832,000	3,790,000
1982	317,525,000	5,746,000
1981	342,626,000	12,208,000

	No. of Com. Shares	Earn. per Share # ‡
1985	5,270,412	$ —

1984	5,253,541	1.92
1983	5,216,955	0.73
1982	5,201,342	1.11
1981	5,191,122	2.35

(Loss)
+ Of continuing operations only.
‡ Including extraordinary loss of $412,000 ($0.08 per share) in 1982.
# Based on the average number of shares outstanding during the year.

Revenues By Line of Business

	1985	1984
Corn processing	$ 275,499,000	$ 255,422,000
Branded consumer prods.	63,192,000	68,692,000
Building materials	94,477,000	90,174,000
Total	$ 433,168,000	$ 414,288,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.52	—	—
1984	0.52	—	—
1983	0.52	—	—
1982	0.52	—	—
1981	0.52	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 113,733,000	$ 21.58
1984	120,894,000	23.01
1983	112,915,000	21.64
1982	111,938,000	21.52
1981	108,811,000	20.96

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 433,168	$ 414,288
Cost of sales	364,629	336,083
Expenses	68,426	62,638
Gain on stock sale	(462)	(6,275)
Interest expense	12,039	7,900
Interest income	(620)	(2,670)
Other expense	1,958	1,729
Inc. (loss) bef. taxes	$ (12,802)	$ 14,883
Income taxes (credit)	(7,819)	2,971
Minority interest	(315)	1,910
Net Income (Loss)	$ (4,668)	$ 10,002

* Included in Costs and Expenses, Depreciation and Amortization: $15,930,000 in 1985 and $11,249,000 in 1984.

Assets
(000's)

As of Dec. 31	1985	1984
Cash	$ 6,577	$ 2,791
Short-term invest	2,389	12,835
Accts. receiv., net	32,499	35,898
Tax refund receiv.	969	2,567
*Inventories	53,414	51,675
Other curr. assets	9,334	7,471
Current Assets	$ 105,182	$ 113,237
#Fixed assets	182,420	174,315
Other assets	6,191	6,271
Intangibles	2,331	2,385
Total Assets	$ 296,124	$ 296,208

Liabilities
(000's)

Short-term debt	$ 4,500	$ —
Long-term debt, curr.	4,697	5,752
Accts. payable	15,470	15,242
Accrued interest	2,528	1,748
Other accruals	6,832	7,552
Accrued payroll	7,564	6,235
Income taxes	4,182	3,719
Curr. Liabilities	$ 45,773	$ 40,248
Long-term debt	100,247	98,343
Deferred inc. taxes	10,182	19,208
Other liab.	1,524	1,505
Minority interest	24,665	16,010
+Common stock	4,379	4,378
Add. paid-in capital	17,263	17,167
Retained earnings	93,846	101,251
Treasury stock	(1,755)	(1,902)
Total Liabilities & Shareholders' Equity	$ 296,124	$ 296,208

* At lower of cost (FIFO) or market; corn & tobacco at LIFO.
# Less accumulated depreciation.
+ $0.80 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.59
%Net Income to Sales	—	2.41
%Net Income to Equity	—	8.27
Sales to Inventories	8.11	8.02
Debt to Equity	0.92	0.86
Working Capital	$ 59,409,000	$ 72,989,000
Current Ratio	2.30	2.81
Shareholders' Equity	$113,733,000	$120,894,000

American Stores Company

P.O. Box 27447
709 East South Temple
Salt Lake City, Utah 84127
(801) 539-0112

Officers: L.S. Skaggs, chairman of the board; Thomas W. King, president & chief operating officer; Richard G. Dunlop, vice chairman & treasurer; Thomas H. Sunday, exec. v.p., general counsel & secretary; Scott Bergeson, exec. v.p. & asst. secretary; Robert L. Salmon, v.p.; Victor L. Lund, sr. v.p.-financial accounting; Michael T. Miller, sr. v.p. & asst. secretary; Alan D. Stewart, sr. v.p.; Gerald T. Glancey, v.p. & asst. treasurer; Frederick P. McBrier, sr. v.p. & asst. secretary; Hugh M. Zumbro, v.p.; John L. Benner, v.p. & controller; Gerald C. Tutor, v.p.; Thomas M. Nielsen, v.p.; Karen Vernon, asst. controller; Dennis N. Beal, asst. controller; Lynn Huizenga, asst. v.p.

Directors: Thomas W. King, Williford Gragg, Leon G. Harmon, L. Tom Perry, L.S. Skaggs*, Aline W. Skaggs, Richard G. Dunlop, Earl P. Staten, Thomas H. Sunday*, I. J. Wagner, Louis H. Callister, Silas S. Cathcart, James b. Fisher, Richard E. George, James H. Henson, Barbara S. Preiskel.

* Member of the Executive Committee.

Business Activities: Operates self-service supermarkets under the names of Acme and Super Saver in New York, Pennsylvania, New Jersey, Delaware, Maryland, Virginia, and West Virginia; combination food and drug stores under the names Jewel-Osco and Skaggs Alpha Beta; and Osco Drug stores in 29 states, as well as Sav-on Drug stores in California.

Divisions and Subsidiaries:

Acme Markets Inc.
124 North 15th Street
Philadelphia, Pennsylvania 19101
(215) 568-3000

Alpha Beta Company
777 South Harbor Boulevard
La Habra, California 90631
(714) 738-2000

American Stores Properties, Inc.
444 East 100 South
Salt Lake City, Utah 84111
(801) 530-1300

American Stores Managements Systems Company
5201 Amelia Earhart Drive
Salt Lake City, Utah 84116
(801)537-3000

Buttrey Food Stores
601 Sixth Street, S.W.
Great Falls, Montana 59404
(406) 761-3401

Jewel Food Stores
1955 West North Avenue
Melrose Park, Illinois 60160
(312) 531-6000

Osco Drug, Inc.
1818 Swift Avenue
Oak Brook, Illinois 60521
(312) 887-5000

Sav-on Drugs, Inc.
1500 South Anaheim Blvd.
Anaheim, California 92805
(714) 778-2300

Skaggs Alpha Beta, Inc.
5201 Amelia Earhart Drive
Salt Lake City, Utah 84116
(801) 537-3000

Skaggs Telecommunications Service
5181 Amelia Earhart Drive
Salt Lake City, Utah 84116
(801) 537-1427

Star Market Comany
625 Mt. Auburn Street
Cambridge, Massachusetts 02138
(617) 661-2200

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
Trust Department
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York, Philadelphia, Pacific, Midwest

Ticker Symbol: ASC

Number of Stores: (at fiscal year end)

1985	1,493	1982	1,078
1984	N.A.	1981	1,087
1983	1,027		

N.A. - Not Available.

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 13,889,528	$ 154,470
1985*	12,118,793	185,525
1984	7,983,677	117,902
1983	7,507,772	90,371
1982	7,096,590	64,552

	No. of Com. Shares #	Earn. per Share #
1986	31,464,000	$ 4.11
1985*	30,076,000	4.01
1984	29,556,000	3.61
1983	29,415,000	2.69
1982	29,541,000	1.81

* 53 weeks.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$0.69	—	—
1985	0.64	—	—
1984	0.44	—	3-for-1
1983	0.33	—	—
1982	0.27	—	—

# Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 767,811,000‡	$ 24.40
1985	676,752,000‡	22.50
1984	451,694,000	15.28

1983	357,455,000	12.15
1982	289,593,000	9.80

‡ After allowing for preferred stock at liquidation value.
+ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	2/1/86	2/2/85 (53 weeks)
Net sales	$ 13,889,528	$ 12,118,793
Cost of sales	10,546,722	9,234,204
Expenses	2,920,268	2,536,001
Gain on sale of subsid.	—	(79,962)
Interest expense	128,770	111,738
Other income	(15,693)	(29,801)
Income before taxes	$ 309,461	$ 346,613
Income taxes	154,991	161,088
Net Income	$ 154,470	$ 185,525

* Included in Costs and Expenses, Depreciation and Amortization: $183,509 in 1986 and $152,993 in 1985.

Assets
(000's)

As of	2/1/86	2/2/85
Cash & temp. cash invest.	$ 29,999	$ 75,908
Receiv., net	125,722	153,973
*Inventories	1,274,730	1,196,136
Prepaid expenses	51,672	55,575
Current Assets	$ 1,482,123	$ 1,481,592
#Fixed assets	1,618,993	1,690,807
Prop. under cap. lease	124,868	137,160
Other assets	236,529	226,178
Total Assets	$ 3,462,513	$ 3,535,737

Liabilities
(000's)

	2/1/86	2/2/85
Short-term notes payable	$ —	$ 25,000
Long-term debt, curr.	17,835	34,122
Cap. lease oblig., curr.	10,498	12,282
Accounts payable	647,148	662,144
Accruals	377,614	337,205
Accrued wages pay.	152,598	144,191
Income taxes	35,989	55,254
Curr. Liabilities	$ 1,241,682	$ 1,270,198
Long-term debt	925,108	1,033,286
Cap. lease oblig	157,032	166,543
Other liabilities	78,782	90,077
Deferred inc. taxes	36,420	44,837
+ Preferred stock		
Series A	198,252	196,985
Series B	57,426	57,059
+ + Common stock	31,922	31,910
Add. paid-in capital	149,982	148,362
Retained earnings	611,360	503,742
Treasury stock	(25,453)	(7,262)
Total Liabilities & Shareholders' Equity	$ 3,462,513	$ 3,535,737

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value. Series A, $4.375 cumulative convertible exchangeable; Series B, $6.80 cumulative exchangeable.
+ + $1 par value.

Statistical Summary

%Income before Taxes to Sales	2.23	2.86
%Net Income to Sales	1.11	1.53
%Net Income to Equity	20.12	27.41
Sales to Inventories	10.90	10.13
Debt to Equity	1.45	1.88
Working Capital	$240,441,000	$211,394,000
Current Ratio	1.19	1.17
Shareholders' Equity	$767,811,000	$676,752,000

Ames Department Stores, Inc.

2418 Main Street
Rocky Hill, Connecticut 06067
(203) 563-8234

Officers: Herbert Gilman, chairman of the board & chief exec. officer; Kenneth H. Cooper, exec. v.p., Charles H. Lytle, exec. v.p.; Lawrence H. Gofberg, sr. v.p. & gen. mdse. mgr.; Ralph M. Shulansky, sr. v.p.-administration, finance & chief financial officer; Earl M. Spector, exec. v.p.-real estate, legal & secretary; Romas Butrimas, v.p.-finance & chief accounting officer; Fred S. Perlstein, v.p.-advertising & sales promotion; Gerald Glassman, v.p.-admin., asst. treasurer & asst. secretary; Royal L. Clark, v.p.-store operations; Stuart J. Shapiro, v.p.-corp. development; Eugene G. Senecal, v.p.-mgmt. information systems; John R. Barbato, v.p.-real estate; Ronald Stacy, v.p.-construction; Alan Mink, v.p.-distribution; Vincent E. Osborne, v.p.-market research; James Aglio, Randy Gilman, Jerald P. Fine, v.p.'s & merchandise mgr.'s; Joseph Calogine, v.p.-store planning; Richard H. Howk, v.p.; Joseph Matteis, v.p.-data processing; Henry Sobinski, v.p.-loss prevention; Robert A. Tremblay, v.p.-merchandise control; Mark von Mayrhauser, v.p. & treasurer; Alan S. Close, v.p.-merchandise mgr.; John P. Kearney, v.p.-personnel; John J. Miller, v.p.-import; Kerrie R. Flanagan, v.p. & controller.

Directors: Herbert Gilman*, chairman; Michael D. Leavitt, James A. Harmon*, Melvin M. Rosenblatt*, Ralph M. Shulansky, John Geisse, Norman B. Asher, Kenneth H. Cooper*, Charles H. Lytle*, Earl M. Spector*, Norman Ricken.

* Member of the Executive Committee.

Business Activities: Operates chains of self-service discount department stores and variety stores under the Ames and G.C. Murphy names in 19 states, primarily in the East. Also engaged in wholesale distribution of sporting goods.

Divisions and Subsidiaries:

Mathews and Boucher, Inc.
Rochester, New York
Wholesaler of sporting goods.

Acquisition(s):

G.C. Murphy Company
McKeesport, Pennsylvania
Chain of 108 discount department stores and 144 variety stores in the eastern U.S.A.

Transfer Agent(s):

The Connecticut Bank and Trust Company
Hartford, Connecticut

Stock Exchange(s): New York, Pacific

Ticker Symbol: ADD

Number of Stores: (at fiscal year end)

1986	450	1983	144
1985	180	1982	133
1984	168		

Sales and Earnings

	Net Sales	Net Income
1986	$1,449,016,000	$ 40,367,000
1985	783,360,000	28,516,000
1984	617,256,000	19,886,000
1983	401,742,000	12,393,000
1982	352,662,000	9,928,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	34,298,000	$ 1.19
1985	27,167,000	1.00
1984	25,952,000	0.77
1983	24,744,000	0.50
1982	21,008,000	0.47

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.10	—	2-for-1
1985	0.10	—	2-for-1
1984	0.08	—	3-for-2
1983	0.07	—	—
1982	0.07	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 367,823,000	$ 10.72
1985	124,631,000	4.59
1984	98,829,000	3.81
1983	79,382,000	3.21
1982	52,177,000	2.48

+ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended	1/25/86	1/26/85
Net sales	$ 1,449,016	$ 783,360
Other Income	21,727	13,895
Total Income	$ 1,470,743	$ 797,255
Cost of sales	1,017,593	550,625
Expenses	339,902	175,836
Depreciation & amortization	22,274	11,995
Interest expense	18,611	8,758
Income before taxes	$ 72,363	$ 50,041
Income taxes	31,996	21,525
Net Income	$ 40,367	$ 28,516

Assets
(000's)

As of	1/25/86	1/26/85
Cash	$ 8,946	$ 2,237
Restricted Cash	—	4,578
Cert. of dep. & oblig.	49,200	41,700
Receiv., net	12,273	8,864
*Inventories	319,689	138,969
Refundable income taxes	16,341	—
Prepaid expenses	9,429	5,224
Current Assets	$ 415,878	$ 201,572
#Fixed assets	223,091	106,514
Other assets & defer. charges	6,967	6,175
Leasehold	37,417	6,469
Other assets	—	1,661
Total Assets	$ 683,353	$ 322,391

Liabilities

	1/25/86	1/26/85
Long-term debt, curr.	$ 14,194	$ 7,906
Accts. payable	81,097	35,433
Accruals	52,393	19,027
Income taxes	—	2,861
Dividends payable	842	968
Other liabilities	3,120	—
Current Liabilities	$ 151,646	$ 66,195
Deferred income taxes	10,852	4,098
Long-term debt	82,634	54,811
Cap. lease oblig.	60,823	36,950
Deferred compensation	1,530	1,282
Other liabilities	2,595	—
Exc. of acq. assets over value	5,450	7,433
Redeem. preferred stock	—	26,991
+Common stock	18,776	6,975
Add. paid-in capital	215,664	22,956
Retained earnings	134,510	98,282
Treasury stock	(1,127)	(3,582)
Total Liabilities & Shareholders' Equity	$ 683,353	$ 322,391

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.99	6.39
%Net Income to Sales	2.79	3.64
%Net Income to Equity	10.97	22.88
Sales to Inventories	4.53	5.64
Debt to Equity	0.43	0.80

Working Capital	$264,232,000	$135,377,000
Current Ratio	2.74	3.05
Shareholders' Equity	$367,823,000	$124,631,000

Amfac, Inc.

44 Montgomery Street
San Francisco, California 94104
(415) 772-3506

Mailing address:

P.O. Box 3230
Honolulu, Hawaii 96801

Officers: Harry A. Walker, Jr., chairman of the board; Ralph A. Van Orsdel, Jr., president & chief exec. officer; Ronald R. Sloan, exec. v.p. & chief operating officer; Ronald H. Dykehouse, exec. v.p. & chairman and chief exec. officer-Amfac Foods, Inc.; John E. Gomena, exec. v.p. & chairman and chief exec. officer-Amfac Distribution Corp.; Richard L. Griffith, exec. v.p. & chairman and chief exec. officer-Amfac Hawaii, Inc.; Richard A. Naille, II, exec. v.p. & chairman and chief exec. officer-Amfac Resorts, Inc.; Donald C. Onasch, exec. v.p. & chairman and chief exec. officer-Amfac Stores, Inc.; Stephen M. Bailey, sr. v.p. & controller; Thomas L. Braje, sr. v.p.-finance; Daniel A. Curry, sr. v.p. & gen. counsel; Harry Matte, sr. v.p.-corp. communications; John R. Stamps, sr. v.p.-administration; Richard R. Bacigalupi, v.p. & asst. controller; Toby B. Ballin, v.p. & asst. to chairman; Coy F. Baugh, v.p. & treasurer; Richard D. Baum, v.p.-employee relations; Dennis A. Daugherty, v.p., assoc. gen. counsel & asst. secretary; Charleen K. Kidda, v.p. & corp. secretary; Herbert F. Kropp, v.p.-corp. audit; Don W. Leibensberger, v.p. & asst. treasurer; Keith V. Mabee, v.p.-corp. communications; Ralph F. Perry, Jr., v.p.-risk mgmt.; Raymond K. Pope, v.p.-gov't affairs; Alan O. Schultz, v.p.-actuarial services; David R. Denecke, Peter L. McCorkell, Chester A. Richardson, asst. v.p.'s, asst. secretaries & asst. gen. counsels; William A. Kruse, asst. v.p. & asst. treasurer; Beatrice K. Tanaka, asst v.p. & asst. secretary; Doris E. Anderson, Eileen M. Halliburton, Althea R. Sato, Ann T. Yotsuji, asst. secretaries; Rose L. Chew, Stanley Horn, asst. treasurers.

Directors: Kenneth F. Brown, Myron Du Bain, Daggett Harvey, Jr., Richard B. Madden, Mary Anne Normandin, Marion K. Pinsdorf, William F. Quinn, Patricia Saiki, Chauncey E. Schmidt, Ralph A. Van Orsdel, Jr., H.A. Walker, Jr.

Business Activities: Retail operations include the Liberty House department stores and resort shops. Liberty House department stores in Hawaii and California feature merchandise in the medium to higher price ranges. Liberty House resort shops emphasize Polynesian and resort apparel. Some stores have limited men's, subteens' and children's wear departments. Village Fashion is a retail specialty off-price chain with operations in Maryland, Pennsylvania and New Jersey. The company also operates resorts, hotels, restaurants, travel and tour agencies, property development companies, sugar companies, wholesale nurseries, food processing companies, and distributes pharmaceutical and health care products, electrical and mechanical supplies, building materials, machinery and equipment.

Divisions and Subsidiaries:

Retail Group

Liberty House
Honolulu, Hawaii
Department, resort and specialty stores in Hawaii and California.

Amfac Cameo Stores, Inc.
Philadelphia, Pennsylvania
Operates a chain of "off price" clothing stores under the name Village Fashion in Maryland, Pennsylvania and New Jersey.

Food Group

Amfac Foods, Inc.
Portland, Oregon

Fisher Cheese Company, Inc.
Wapakoneta, Ohio
Producer of natural, process and nondairy cheeses.

Lamb-Weston, Inc.
Portland, Oregon
Processor of frozen potato and fruit products in Idaho, Oregon, and Washington.

Monterey Mushrooms, Inc.
Santa Cruz, California
Grower and processor of mushrooms.

Hotels and Resorts Group

Amfac Resorts, Inc.
Grand Canyon, Arizona
Operates 18 hotels and resorts in the continental U.S. and Hawaii.

Distribution Group

Amfac Distribution Corporation
Burlingame, California

Amfac Health Care
Folsom, California
Pharmaceutical distribution branches.

Amfac Electric Supply Co.
Folsom, California
Electrical supplies distribution branches.

Amfac Supply Co.
Folsom, California
Plumbing, heating and air-conditioning supplies.

Hawaii Group

Amfac Hawaii, Inc.
Honolulu, Hawaii

Amfac Sugar and Agribusiness, Inc.
Honolulu, Hawaii
Production of agricultural products.

Amfac Properties
Honolulu, Hawaii
Planning, development, and management of the company's lands in Hawaii which are not used by other operating groups.

Amfac Tropical Products
Keaou, Hawaii
Production of tropical fruit.

Oahu Waste Energy Recovery, Inc.
Development and operation of a municipal waste cogeneration facility on Oahu.

Amfac Property Investment Corp.
Honolulu, Hawaii
Property investment.

Transfer Agent(s):

Bank of California N.A.
400 California Street
San Francisco, California 94104

Bishop Trust Co., Ltd.
140 South King Street
Honolulu, Hawaii 96813

Marine Midland Bank
250 Park Avenue
New York, New York 10017

Stock Exchange(s): New York, Pacific, London.

Ticker Symbol: AMA

Number of Stores: (at fiscal year end)

1985	85	1982	84
1984	88	1981	61
1983	83		

Sales and Earnings

	Revenues + (000's)	Net Income ‡ (000's)
1985	$ 2,405,388	$ 17,912
1984	2,355,124	(14,149)
1983	2,228,337	(68,026)
1982	2,073,687	34,208
1981	2,012,924	44,208

	No. of Com. Shares	Earn. per Share #‡
1985	16,636,622	$ 1.09
1984	16,633,327	—
1983	16,619,474	—
1982	14,954,082	2.27
1981	14,083,332	3.04

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gain of $4,279,000 ($0.29 per share) in 1983.
# Based on the average number of common shares and common share equivalents outstanding.

Revenue By Line of Business

	1985 (000's)	%	1984 (000's)	%
Food	$ 518,168	22%	$ 491,497	21%
Distribution	1,322,781	55	1,278,516	54
Retail	266,593	11	272,201	11
Hawaii:				
Agriculture	106,615	4	131,719	6
Property	38,824	2	40,349	2
Resorts	150,779	6	137,976	6
Corporate	1,628	—	2,866	—
Total	$2,405,388	100%	$2,355,124	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$ —	—	—
1984	1.44	—	—
1983	1.44	—	—
1982	1.44	—	—
1981	1.44	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1985	$ 407,998,000	$ 25.78
1984	407,924,000	24.68
1983	427,790,000	27.05
1982	470,839,000	33.28
1981	474,242,000	33.67

‡ After allowing for preferred stock at involuntary liquidation values.

Income Account
(000's)

Year ended Dec. 31	1985	1984
Revenues	$ 2,405,388	$ 2,355,124
Cost of sales	1,786,773	1,750,191
Expenses	496,718	536,957
Depreciation & amortization.	44,221	46,458
Interest expenses	47,836	52,938
Inc. (loss) bef. taxes	$ 29,840	$ (31,420)
Income taxes (credit)	8,882	(18,485)
Income (loss) - cont. oper.	$ 20,958	$ (12,935)
Loss - discont. oper.	(3,046)	(1,214)
Net Income (Loss)	$ 17,912	$ (14,149)

Assets
(000's)

As of Dec. 31	1985	1984
Cash	$ 13,234	$ 18,895
Receiv., net	332,286	320,339
•Inventories	391,807	388,067
Prepaid expenses	15,239	14,401
Current Assets	$ 752,566	$ 741,702
Investments	56,533	48,244
#Fixed assets	429,046	423,682
Long-term notes receiv.	61,617	60,891
Other assets	12,882	14,827
Total Assets	$ 1,312,644	$ 1,289,346

Liabilities
(000's)

Note payable	$ 52,937	$ 82,533
Long-term debt, curr.	40,461	11,731
Accts. payable & accruals	311,070	310,948
Income taxes	13,653	7,541
Curr. Liabilities	$ 418,121	$ 412,753
Long-term debt	356,369	337,630
Deferred credits	47,968	55,036
Deferred inc. taxes	66,605	77,642
+ Preferred stock:		
$2.50	373	400
Series B $1	8,914	8,914
+ + Common Stock	150,568	150,512
Retained earnings	288,111	270,844
Eq. in Amfac stock held by nonconsol. partnership	(24,385)	(24,385)
Total Liabilities & Shareholders' Equity	$ 1,312,644	$ 1,289,346

* At lower of cost or market. Food groups at LIFO, retail stores by the retail method, others at FIFO.
# Less accumulated depreciation and amortization.
+ No par value, cumulative convertible.
+ + No par value.

Statistical Summary

%Net Income to Equity	4.23	—
Debt to Equity	1.06	1.06
Working Capital	$334,445,000	$328,949,000
Current Ratio	1.80	1.80
Shareholders' Equity	$423,581,000	$406,285,000

Angelica Corporation

10176 Corporate Square Drive
St. Louis, Missouri 63132
(314) 991-4150

Officers: Leslie F. Loewe, chairman of the board & chief exec. officer; Earl F. Neely, president & chief operating officer; Allyn J. Aach, Stephen L. Abelov, Donald C. Wickard, v.p.'s; James E. Stefoff, exec.v.p., president-Rental Group; Lawrence J. Young, exec. v.p., president-Uniform Group; Robert M. Baker, treasurer; Linden Mann, controller, asst. secretary; Charles D. Malloy, controller; John S. Aleman, v.p.-human resources; Jill Witter, secretary, house counsel.

Directors: Leslie F. Loewe, chairman; Willard L. Levy, Edwin S. Jones, John D. Levy, Lee M. Liberman, Richard A. Meyer, Earl F. Neely, Elliot H. Stein, H. Edwin Trusheim, Robert C. West, William P. Stiritz.

Business Activities: Operates a national chain of retail uniform and shoe stores; manufactures and markets uniforms and career apparel for institutions and businesses; provides rental and laundry services of textiles and garments primarily to health care institutions.

Divisions and Subsidiaries:

Manufacturing and Marketing

Angelica Uniform Group Inc.
700 Rosedale Avenue
St. Louis, Missouri 63112
(314) 889-1111

Designs, manufactures, warehouses and markets a line of washable and tailored non-washable vocational attire.

Angelica-Whitewear Ltd.
5650 Iberville St.
Montreal, Quebec, H2G 3E4 Canada
(514) 271-4671

Designs, manufactures, warehouses and markets vocational apparel.

Angelica Uniform of Canada, Ltd.
35 Suntract Road
Toronto, Ontario 79N 2V8
Canada
(416) 247-7482

Designs, manufactures and markets vocational apparel.

Retail Sales

Life Uniform & Shoe Shops
700 Rosedale Avenue
St. Louis, Missouri 63112
(314) 889-1111

Operates a nationwide chain of specialty stores selling a full line of uniforms, shoes and related accessories to individuals at retail.

Rental Services

Angelica Healthcare Services Group, Inc.
10176 Corporate Square Drive
Suite 150
St. Louis, Missouri 63132
(314) 991-2931

Angelica Healthcare Services Group, Inc.
Western Divisional Office
600 North Euclid Avenue
Anaheim, California 92801
(714) 535-2242

Provides delivery and cleaning on a rental basis of surgical specialty textiles, garments and hospital linens.

Angelica Healthcare Services Group, Inc.
Eastern Divisional Office
317 Linden Street
Scranton, Pennsylvania 18503
(717) 346-8761

Provides rental and laundry services of hospital linens and uniforms to hospitals; also provides linen usage cost control systems.

Acquisition(s):

National Uniform stores
Uniform specialty retail chain of 77 stores.

Transfer Agent(s):

Centerre Trust Company
St. Louis, Missouri

Stock Exchange(s): New York

Ticker Symbol: AGL

Number of Stores: (at fiscal year end)

1986	210	1983	137
1985	129	1982	143
1984	143		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 269,099,000	$ 17,159,000
1985	246,404,000	16,328,000
1984	220,318,000	15,154,000
1983	208,204,150	13,818,722
1982	201,402,308	12,012,189

	No.of Com. Shares †	Earn. Per Share ‡
1986	9,291,832	$ 1.84
1985	9,268,413	1.76
1984	9,260,730	1.63
1983	9,245,981	1.49
1982	9,245,981	1.30

+ Includes rental service revenues.
† Adjusted to reflect stock split.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Manufacturing & marketing	$ 125,429,000	$ 112,309,000
Rental serv.	127,109,000	119,366,000
Retail sales	26,231,000	22,022,000
Intersegment	(9,670,000)	(7,293,000)
Total	$ 269,099,000	$ 246,404,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.59	—	—
1985	0.52	—	—
1984	0.48	—	—
1983	0.40	—	3-for-2
1982	0.34	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	$ 116,623,000	$ 12.56
1985	104,990,000	11.34
1984	93,713,000	10.13
1983	82,909,351	8.97
1982	72,967,275	7.90

‡ After allowing for preferred stock and Class A preferred stock at liquidation value of $100 per share.

Income Account *

Year ended Jan. 31	1986	1985
Net sales	$ 141,990,000	$ 127,038,000
Service revenues	127,109,000	119,366,000
Total Revenues	$ 269,099,000	$ 246,404,000
Cost of sales	94,356,000	83,161,000
Cost of services	93,877,000	89,465,000
Expenses	48,087,000	44,029,000
Other expense (income)	404,000	(1,059,000)
Income before taxes	$ 32,375,000	$ 30,808,000
Income taxes	15,216,000	14,480,000
Net Income	$ 17,159,000	$ 16,328,000

* Included in Costs and Expenses, Depreciation: $5,901,000 in 1986 and $5,386,000 in 1985.

Assets

As of Jan. 31	1986	1985
Cash	$ 13,989,000	$ 11,980,000
Receivables	40,366,000	37,501,000
*Inventories	47,414,000	44,805,000
Prepaid expenses	3,798,000	1,679,000
Linens in service	19,916,000	16,594,000
Current Assets	$ 125,483,000	$ 112,559,000
#Fixed assets	48,797,000	40,659,000
Other assets	9,037,000	8,751,000
Total Assets	$ 183,317,000	$ 161,969,000

Liabilities

Long-term debt & cap. lease oblig., curr.	$ 3,205,000	$ 3,203,000
Accts. payable	12,263,000	8,771,000
Accured payroll	4,848,000	4,356,000
Accruals	2,767,000	2,238,000
Income taxes	2,057,000	1,764,000
Deferred inc. taxes	5,572,000	4,133,000
Curr. Liabilities	$ 30,712,000	$ 24,465,000
Long-term debt & cap. lease oblig.	26,756,000	24,963,000
Deferred compensation	3,290,000	1,579,000
Deferred inc. taxes	5,582,000	5,618,000
+ Preferred stock	286,000	286,000
+ + Class A Preferred stock	1,000	1,000
+ + + Common stock	9,292,000	9,268,000
Add. paid-in capital	482,000	165,000
Retained earnings	107,886,000	96,220,000
Translation adjust.	(970,000)	(596,000)
Total Liabilities & Shareholders' Equity	$ 183,317,000	$ 161,969,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $100 par value, 5% cumulative.
+ + $1 stated value, convertible.
+ + + $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	12.03	12.50

%Net Income to Revenues	6.38	6.63
%Net Income to Equity	14.67	15.50
Sales to Inventories	5.68	—
Debt to Equity	0.26	0.27
Working Capital	$ 94,771,000	$ 88,094,000
Current Ratio	4.09	4.60
Shareholders' Equity	$116,977,000	$105,344,000

Arden Group, Inc.

2020 South Central Avenue
Compton, California 90220
(213) 638-2842

Officers: Curtis H. Palmer, chairman of the board; Bernai Briskin, president & chief executive officer; Milton H. Barke v.p.; E.T. Klinger, v.p.-finance, chief financial officer & treasurer.

Directors: Bernard Briskin*, Chester I. Lappen*, Philip L. Carret, Thomas L. Karsten*, Frederick A. Schnell*, Anson I. Dreisen, Curtis H. Palmer*, Stuart A. Krieger, Daniel Lembark, Ben Winters.

*Member of the Executive Committee.

Business Activities: Principally a food processing and distribution company which operates a chain of supermarkets in the western United States.

Divisions and Subsidiaries:

Mayfair Market Division
Operates markets in California, Arizona, and Nevada under the following names: Mayfair, El Rancho, Food Giant.

Gelson's Markets
A chain consisting of 7 supermarkets located in California.

Telautograph Corporation
Primarily engaged in the manufacture, lease and sale of communication equipment and supplies which are used for the instantaneous transmission of messages to remote locations. Its GPS Division manufactures and distributes chemicals and equipment for the maintenance of swimming pools.

Transfer Agent(s):

City National Bank
Beverly Hills, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ARDN (NASDAQ)

Number of Stores: (at fiscal year end)

1985	50	1982	82
1984	53	1981	97
1983	65		

Sales and Earnings

	Net Sales	Net Income +
1985	$ 415,855,000	$ 5,688,000
1984	435,005,000	5,239,000
1983	464,282,000	1,767,000
1982	494,051,000	2,890,000
1981	517,029,000	4,244,000

	No. of Com. Shares	Earn. per Share + #
1985	2,342,470	$ 2.30
1984	2,342,470	2.06
1983	2,560,232	0.52
1982	2,959,182	0.82
1981	3,214,427	1.10

+ Including extraordinary gains of $15,328 (40.01 per share) in 1985, $331,378 ($0.14 per share) in 1984), $63,700 ($0.02 per share) in 1982 and $1,044,000 ($0.29 per share) in 1981.
# Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$2.25	—	—
1984	2.25	—	—
1983	2.25	—	—
1982	2.25	—	—
1981	2.25	—	—

Common Stock Equity

	Total Equity +	Equity Per Share
1985	$ 35,304,681	$ 15.07
1984	29,923,401	12.77
1983	27,234,624	10.64
1982	28,970,725	9.79
1981	28,153,460	8.76

+ After allowing for preferred stock at liquidation value.

Income Account *

Year ended	12/28/85	12/29/84
Net sales	$ 415,854,764	$ 435,004,847
Cost of sales	259,553,923	282,670,636
Expenses	144,489,075	143,282,793
Other income	(3,399,795)	(1,373,093)
Interest expense	4,180,801	4,621,896
Income bef. taxes	$ 11,030,760	$ 5,802,615
Income taxes	5,358,000	895,000
Net Income	$ 5,672,760	$ 4,907,615
Extraordinary items	15,328	331,378
Net Income & extraord. items	$ 5,688,088	$ 5,238,993

* Included in Costs and Expenses, Depreciation: $17,146,067 in 1985 and $17,103,939 in 1984.

Assets

As of	12/28/85	12/29/84
Cash	$ 5,667,361	$ 4,865,774
Accts. & notes receiv., net	21,190,166	16,179,816
*Inventories	29,444,318	29,106,545
Prepaid expenses	1,368,531	1,392,519
Current Assets	$ 57,670,376	$ 51,544,654
Investments	2,273,424	2,691,741
Notes & contracts receiv.	7,511,658	4,235,208
Prop. for sale	1,762,443	2,620,012
#Fixed assets	52,087,469	52,616,831
Other assets	8,697,299	4,107,513
Total Assets	$ 130,002,669	$ 117,825,959

Liabilities

Accts. payable & accruals	$ 44,390,122	$ 38,132,079
Long-term debt	3,542,755	3,336,917
Curr. Liabilities	$ 47,932,877	$ 41,468,996
Long-term debt	28,153,905	29,548,288
Deferred income	7,403,807	4,721,287
Deferred taxes	864,871	1,242,950
Other liabilities	2,160,988	2,739,497
+ Preferred stock	2,433,225	2,433,225
+ + Common stock	1,086,758	1,086,758
Add. paid-in capital	35,951,789	35,951,789
Retained earnings	19,477,272	14,095,992
Treasury stock	(15,462,823)	(15,462,823)
Total Liabilities & Shareholders' Equity	$ 130,002,669	$ 117,825,959

* At lower of cost (FIFO, average or retail method) or market.
# Less accumulated depreciation and amortization.
+ $15 par value; $2.25 cumulative.
+ + $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.65	1.33
%Net Income to Sales	1.36	1.13
%Net Income to Equity	13.04	12.88
Sales to Inventories	14.12	14.95
Debt to Equity	0.73	0.86
Working Capital	$ 9,737,499	$10,075,658
Current Ratio	1.20	1.24
Shareholders' Equity	$43,486,221	$38,104,941

Argcen Holdings Inc.

10 Toronto Street
Toronto, Canada M5C 2B7

Officers: Conrad M. Black, chairman of the board; G. Montegu Black, president and chief executive officer; Dixon S. Chant, John R. Finlay, Q.C., vice presidents; Wendell F. White, C.A., treasurer; Charles G. Cowan, Q.C., secretary.

Directors: Lewis H M. Ayre, Ralph M. Barford, Conrad M. Black, G. Montegu Black, Dixon S. Chant, Glen W. Davis, John R. Finlay, Q.C., Hon. Clarence L. Gosse, Hon. W. John McKeag, Andre Monast, Q.C., Beryl A. Plumptre, F. David Radler, Ronald T. Riley, Trumbull Warren.

Business Activities: Argcen Holdings Inc. is a holding company with significant interests, through subsidiary and associated companies, in natural resources, communications, wholesaling and retailing. The natural resources group is engaged in the exploration for and production of oil and natural gas in Canada, the United States and Australia, and participates in major iron ore operations in Labrador. The communications group carries on the business of radio and television and related services. The wholesaling and retailing group is primarily involved in the manufacturing, distribution and retailing of food for home consumption.

Divisions and Subsidiaries:

Standard Broadcasting Corporation Limited

Norcen Energy Resources Limited
Produces gas and oil.

Dominion Stores Limited

Dominion Supermarkets
Willett's Mr. Grocer
General Bakeries
Eplett Dairies
Hiway Market
Amalco

Transfer Agent(s):

Central Trust Company
Toronto
Montreal
Vancouver

Canada Permanent Trust Company
Halifax
Saint John

Stock Exchange(s): Toronto, Montreal, Vancouver

Ticker Symbol: AGN

Number of Stores: (at fiscal year end)

1984	66

Sales and Earnings

	Revenues	Net Income †
12/31/84*	$1,576,800,000	$ (6,200,000)
3/17/84	2,227,400,000	31,600,000
3/17/83	2,409,200 000	27,400,000
3/17/82	2,594,300,000	45,600,000
3/17/81	2,774,000,000	28,000,000

	No. of Com. Shares	Earn. per Share †
12/31/84*	15,676,000	$ —
3/17/84	15,677,000	2.02
3/17/83	15,632,000	1.75
3/17/82	15,629,000	4.74
3/17/81	8,795,000	3.26

(Loss)
* 41 weeks.
† Including extraordinary gains of $5,400,000 ($0.35 per share) in 1984, $1,200,000 ($0.08 per share) in 1983 and $21,800,000 ($2.27 per share) in 1982.

Revenues By Line of Business
(000's)

	12/31/84	3/17/84
Retailing & wholesaling group	$ 1,483,245	$ 2,135,223
Manufacturing group	93,509	72,523
Natural resources group	—	19,670
Total	$ 1,576,754	$ 2,227,416

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
12/31/84	$0.60	—	—
3/17/84	1.00	—	—
3/17/83	1.00	—	—
3/17/82	1.10	—	—
3/17/81	1.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share
12/31/84	$ 437,600,000	$ 27.92
3/17/84	453,100,000	28.90
3/17/83	436,500,000	27.92
3/17/82	424,700,000	27.17
3/17/81	200,800,000	22.83

Income Account
(000's)

Year ended	12/31/84 (41 weeks)	3/17/84
Net sales	$ 1,572,854	$ 2,204,972
Royalties on iron ore	—	13,884
Other income	3,900	8,560
Total income	$ 1,576,754	$ 2,227,416
Cost of sales	1,557,620	2,139,955
Depreciation & amortization	27,492	33,663
Interest expense	14,667	27,180
Other interest	10,072	10,178
Gain on sale of land	(3,477)	(8,381)
Write-down of prop.	1,900	2,000
Prov. for store clos.	18,300	—
Income (loss) before taxes	$ (49,820)	$ 22,821
Income taxes (credit)	(26,724)	6,338
Eq. in inc. of assoc. cos.	(21,212)	(15,435)
Minority interests	4,275	5,736
Net Income (Loss)	$ (6,159)	$ 26,182
Extraord. gain	—	5,422
Net Income (Loss) & extraord. gain	$ (6,159)	$ 31,604

Assets
(000's)

As of	12/31/84	3/17/84
Cash	$ 125	$ 5,987
Short-term invest.	33,223	37,047
Accts. receiv., net	58,151	51,704
Income taxes recov.	12,498	—
Merchandise	163,409	163,336
Prepaid expenses	7,304	4,483
Current Assets	$ 274,710	$ 262,557
•Investments	410,187	396,749
#Fixed assets	330,745	324,395
Def. capital gains tax	67,405	67,405
Intangibles	5,710	5,978
Unamort. deben. discount	707	750
Total Assets	$ 1,089,464	$ 1,057,834

Liabilities
(000's)

Bank indebtedness	$ 30,989	$ 4,175
Long-term debt & cap. lease oblig., curr.	4,921	3,041
Promissory notes & accrued int.	52,181	81,922
Accts. payable & accruals	173,551	153,008
Income taxes	—	5,070
Curr. Liabilities	$ 261,642	$ 247,216
Long-term debt	133,142	81,656
Oblig. under cap. leases	52,483	50,585
Minority interest	48,104	47,253
Deferred gain	143,508	147,675
Deferred inc. taxes	13,021	30,317
+ Common stock	218,091	218,095
Retained earnings	219,473	235,037
Total Liabilities & Shareholders' Equity	$ 1,089,464	$ 1,057,834

Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.03
%Net Income to Sales	—	1.19
%Net Income to Equity	—	5.78
Working Capital	$ 13,068,000	$ 15,341,000
Current Ratio	1.05	1.06
Shareholders' Equity	$437,564,000	$453,132,000

Arnold Constable Corporation

240 West 40th Street
New York, New York 10018
(212) 997-0080

Officers: Merwin Bayer, president & chief executive officer; Maurice Lehrman, treasurer; Lorraine Tozzo, secretary.

Directors: Merwin Bayer, Aaron Kozak, Steven L. Osterweis, Bruce M. Schragger, Irving L. Strauss, Sidney R. Winters.

Business Activities: Operates a chain of specialty stores in regional shopping centers, under the name of NoName Stores, Inc. and Garment District.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Number of Stores: (at fiscal year end)

1984	46	1981	50
1983	46	1980	50
1982	48		

Sales and Earnings

	Net Sales	Net Income ‡
1984	$ 15,009,096	$ 236,709
1983	14,436,108	(108,786)
1982	14,326,523	20,051
1981	13,758,242	10,187
1980	13,377,797	(63,873)

	No. of Com. Shares +	Earn. per Share + ‡
1984	931,827	$ 0.25
1983	932,940	—
1982	932,940	0.02
1981	920,015	0.01
1980	747,392	—

(Loss)
‡ Including extraordinary gain of $88,749 ($0.09 per share) in 1984.
+ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	± Equity Per Share +
1984	$ 1,985,095	$ 2.13
1983	1,752,410	1.88
1982	1,861,196	1.99
1981	1,816,145	1.97
1980	1,805,958	2.42

+ Based on the weighted average number of shares outstanding.

Income Account *

Year ended	1/28/84	1/29/83
Net sales	$ 15,009,096	$ 14,436,108
Cost of sales	10,551,009	10,429,841
Expenses	4,117,022	3,970,289
Interest expense	46,150	125,235
Loss from dispos. of rights	44,906	16,529
Income (loss) before taxes	$ 250,009	$ (105,786)
Income taxes	102,049	3,000
Net Income (Loss)	$ 147,960	$ (108,786)
Extraord. gain	88,749	—
Net Income (Loss) and extraord. gain	$ 236,709	$ (108,786)

* Included in Costs and Expenses, Depreciation and Amortization: $268,266 in 1984 and $307,446 in 1983.

Assets

As of	1/28/84	1/29/83
Cash & cash equivalents	$ 1,439,394	$ 462,613
Accts. receiv., net	135,701	82,430
*Inventories	1,404,120	1,481,264
Prepaid expenses	119,112	117,590
Current Assets	$ 3,098,327	$ 2,143,897
#Fixed assets	1,037,912	1,277,448
Other assets	1,000	4,000
Leasehold costs	18,578	20,722
Total Assets	$ 4,155,817	$ 3,446,067

Liabilities

Notes payable	$ 44,666	$ 32,402
Accts. payable	1,518,964	1,153,505
Accruals	296,130	189,732
Curr. Liabilities	$ 1,859,760	$ 1,375,639
Long-term debt	285,962	293,018
+ Redeem. pref. stock	25,000	25,000
+ + Common stock	468,464	468,464
Add. paid-in capital	5,270,683	5,270,683
Deficit	(3,730,088)	(3,966,797)
Treasury stock	(23,964)	(19,940)
Total Liabilities & Shareholders' Equity	$ 4,155,817	$ 3,446,067

* At lower of cost (retail method) or market.
# Less accumulated depreciation.
+ No par value, $11 cumulative convertible.
+ + $0.50 par value.

Statistical Summary

%Net Income to Sales	0.99	—
%Net Income to Equity	7.45	—
Sales to Inventories	10.69	9.74
Working Capital	$1,238,567	$ 768,258
Current Ratio	1.67	1.55
Shareholders' Equity	$1,985,095	$1,752,410

Associated Dry Goods Corporation

417 Fifth Avenue
New York, New York 10016
(212) 679-8700

Officers: Joseph H. Johnson, chairman of the board & chief executive officer; David P. Williams, III, president; Joseph E. Brooks, sr. exec. v.p., chairman & chief exec. officer-Lord & Taylor; Michael Gould, exec. v.p., chairman & chief exec. officer-J.W. Robinson Company; James M. Guinan, exec. v.p., chairman & chief exec. officer-Caldor, Inc.; George J. Greenberg, v.p., chairman & chief exec. officer-Loelmann's, Inc.; Joseph Vales, exec. v.p.; John P. Calabro, sr. v.p.-financial; Walter C. Daniels, v.p.-planning & construction; George C. Easter, v.p. & treasurer; Howard Falberg, v.p.-personnel; David G. Kratz, v.p.-management information systems; Joan S. Levan, v.p. & president-Marketing Division; Arthur F. O'Day, v.p.-real estate; Joseph J. Schumm, Jr., sr. v.p.-corporate administration, secretary & corporate counsel; Joel Wise, v.p.-operations; Arthur J. Jones, divisional v.p.-administrative services; Paul J. Kittner, div. v.p.-corporate internal audit; Joseph M. Mahon, div. v.p.-merchandise research & planning; John G. Mann, Jr., div. v.p.-employee relations; Richard A. Maxwell, v.p.-international oper.; Robert D. Ranck, div. v.p.-credit; Bernard Dorfman, div.

Associated Dry Goods Corporation

v.p.-financial reporting; William A. Johnson, Jr., div. v.p.-corp. accounting; Anthony Cicale, asst. secretary; John R. Lange, asst. treasurer; John M. Manos, div. v.p.-legal; Robert D. Conrad, div. v.p.-merchandise systems planning; Kathleen Cook, div. v.p. & general mgr.-management information systems; John Freeman, div. v.p.-computer operations; Michael McLaughlin, div. v.p.-computer systems; John E. White, div. v.p.-merchandist dist.; Theodore A. Babcock, John R. Lange, asst. treasurers.

Directors: Joseph H. Johnson, chairman; Arthur G. Altschul, Joseph E. Brooks, P. Manning Brown, Jr., Thomas S. Carroll, Michael Gould, George J. Greenberg, Paul Kolton, Patricia A. McFate, Alfred J. Moccia, Martha T. Muse, Richard R. Pivirotto, Donald C. Platten, Peter J. Solomon, David P. Williams, III.

Business Activities: Operates a chain of department stores and discount stores nationwide. Also 78 specialty stores in the Midwest.

Divisions:

Lord & Taylor
New York, Manhasset, Westchester, Millburn, Dearborn, Ann Arbor, Fairfax, Sterling Heights, Fair Oaks, Novi, West Hartford, Bala-Cynwyd, Garden City, Washington, Chevy Chase, Jenkintown, Falls Church, North Bethesda, Aurora, Memorial City Park, Greenspoint Mall, Braintree, Skokie, Prestonwood Town Center, Huntington, Palm Beach, Plano, Miami, Aventura Mall, Paramus, Boston, Stamford, Atlanta, Burlington, Oakbrook, Houston, Dallas, Schaumburg, Vernon Hills, Chicago, and Northbrook.

Hahne & Company
Newark, Montclair, Westfield, Eatontown, Rockaway, Woodbridge, Quakerbridge, and Livingston.

Powers Dry Goods Co.
Minneapolis, St. Louis Park, St. Paul, Blaine, Eden Prairie, Burnsville, and Maplewood.

The Stewart Dry Goods Company
Louisville, Lexington, Evansville, Oxmor, Okalona, Fayette, The Mall, and Dixie Manor.

J.W. Robinson Co.
Los Angeles, Beverly Hills, Pasadena, Anaheim, Thousand Oaks, Glendale, Palm Springs, Santa Barbara, Sherman Oaks, Mission Viejo, Santa Monica, Torrance, Cerritos, Newport, San Diego, Woodland Hills, San Fernando Valley, Santa Anita, Westminster, and City of Industry.

Sibley, Lindsay & Curr Company
Rochester, Irondequoit, Newark, Fayetteville, Penfield, Buffalo, Amherst, Tonawanda, Eastern Hills, West Seneca, Henrietta, Victor, Greece, and Syracuse.

Goldwaters
Phoenix, Scottsdale, Prescott, Tucson, Metrocenter, Mesa, Paradise Valley, Las Vegas and Albuquerque.

The Denver Dry Goods Company
Denver, Cherry Creek, Lakeside, Greeley, Billings, Boulder, Northglenn, Colorado Springs, Aurora Mall, New Englewood, Pueblo, Southglenn and Foothills.

Joseph Horne Co.
Pittsburgh, Greengate Mall, South Hills Village, Natrona Heights, Northway Mall, Brentwood-Whitehall, Monroeville Mall, Beaver Valley Mall, West Erie, Millcreek Mall, Southern Park Mall, Randall Park.

Robinson's of Florida
St. Petersburg, Altamonte, West Tampa, Sarasota, Countryside Mall, Orlando and University Square.

L. S. Ayres and Company
Indianapolis, Glendale, Lafayette, Merrillville, Fort Wayne, Glenbrook, Southtown, Lafayette Square, Muncie, Mishawaka, Washington Square, South Bend, and Bloomington.

Caldor, Inc.
Norwalk, Connecticut
Operates 79 discount department stores in six Northeastern states.

Loehmann's, Inc.
New York, New York

Subsidiary:

Sycamore Specialty Stores
Indianapolis, Indiana
Operates 78 stores in the Midwest.

Transfer Agent(s):

Harris Trust Company
New York, New York

Bank of Boston
Boston, Massachusetts

Centerre Trust Company
St. Louis, Missouri

Stock Exchange(s): New York

Ticker Symbol: DG

Number of Stores: (at fiscal year end)

1984	333	1981	245
1983	318	1980	167
1982	247		

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's)
1985*	$ 4,106,645	$ 120,657
1984	3,717,827	115,520
1983	3,188,858	78,414
1982	2,751,221	69,774
1981	1,952,239	51,764

	No. of Com. Shares †	Earn. per Share †
1985*	15,331,000	$ 6.07
1984	14,865,000	5.95
1983	13,547,000	4.31
1982	13,558,000	4.17
1981	13,526,000	3.83

* 53 weeks.
‡ Includes leased departments.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$2.50	—	—
1984	2.15	—	—
1983	1.95	—	—
1982	1.75	—	—
1981	1.575	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 847,344,000	$ 55.14
1984	776,834,000	50.74
1983	610,031,000	45.12
1982	577,245,000	42.57
1981	541,243,000	40.00

Income Account *
(000's)

Year ended	2/2/85	1/28/84
Net sales	$ 4,106,645	$ 3,717,827
Misc. revenue	16,832	3,887
Total Income	$ 4,123,477	$ 3,721,714
Cost of sales	3,101,352	2,791,395
Expenses	719,123	642,919
Interest expense	72,528	66,058
Income before taxes	$ 230,474	$ 221,342
Income taxes	109,817	105,822
Net Income	$ 120,657	$ 115,520

* Included in Costs and Expenses, Depreciation and Amortization: $77,568,000 in 1985 and $72,619,000 in 1984.

Assets
(000's)

As of	2/2/85	1/28/84
Cash	$ 4,330	$ 25,394
Accts. receiv., net	353,884	297,931
*Inventories	655,438	555,725
Other curr. assets	26,173	55,633
Current Assets	$ 1,039,825	$ 934,683
Invest.-A.D.G. Credit	73,596	66,804
#Fixed assets	883,221	857,119
Other assets	87,792	145,270
Total Assets	$ 2,084,434	$ 2,003,876

Liabilities
(000's)

Long-term debt, curr.	$ 21,180	$ 21,146
Notes payable	88,009	—
Accts. payable	271,084	269,625
Accruals	114,230	105,797
Taxes	16,069	14,833
Dividends payable	13,269	11,725
Income taxes	140,628	136,242
Curr. Liabilities	$ 664,469	$ 559,368
Long-term debt	333,136	442,597
Deferred inc. taxes	56,196	51,479
Deferred comp.	45,164	34,426
+ Preferred stock	138,125	139,172
+ + Common stock	7,734	7,717
Add. paid-in capital	158,404	158,608
Retained earnings	687,742	618,609
Treasury stock	(6,536)	(8,100)
Total Liabilities & Shareholders' Equity	$ 2,084,434	$ 2,003,876

* At cost (LIFO) as determined by the retail inventory method.
# Less accumulated depreciation and amortization.
+ $0.50 par value.
+ + $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.61	5.95
%Net Income to Sales	2.94	3.11
%Net Income to Equity	12.24	12.61
Sales to Inventories	6.27	6.69
Debt to Equity	0.45	0.51
Working Capital	$375,356,000	$375,315,000
Current Ratio	1.56	1.67
Shareholders' Equity	$985,469,000	$916,006,000

Autoscope, Inc.

844 Rockville Pike
Rockville, Maryland 20852
(301) 251-1818

Officers: Charles M. Levinson, president; Lois Levinson, v.p.; Robert Singer, secretary.

Directors: Charles M. Levinson, Robert Singer, Lois Levinson.

Business Activities: Sells, at wholesale and retail, auto seat covers, tops, sunroofs, mufflers, shock absorbers, brakes and other auto accessories and supplies.

Transfer Agent(s):

Maryland National Bank
Baltimore, Maryland

Stock Exchange(s): Over-the-Counter

Number of Stores: (at fiscal year end)

1985	2	1982	2
1984	2	1981	3
1983	2		

Sales and Earnings

	Net Sales	Net Income ‡
1985	$ 1,225,682	$ 21,349
1984	1,168,663	(20,762)
1983	1,120,405	(1,043)
1982	1,153,334	(36,588)
1981	1,234,979	(21,442)

	No. of Com. Shares	Earn. per Share ‡
1985	87,537	$ —
1984	87,537	—

1983	87,537	—
1982	87,537	—
1981	87,537	—

(Loss)
‡ Including extraordinary gain of $5,000 ($0.05 per share) in 1985.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 160,132	$ 1.83
1984	135,702	1.55
1983	157,171	1.80
1982	155,676	1.78
1981	192,233	2.20

Income Account *

Year ended June 30	1985	1984
Net sales	$ 1,225,682	$ 1,168,663
Cost of sales	622,297	626,962
Expenses	581,103	563,006
Other expense (income)	933	(543)
Income (loss) bef. taxes	$ 21,349	$ (20,762)
Income taxes	5,000	—
Net Income (Loss)	$ 16,349	$ (20,762)
Extraordinary gain	5,000	—
Net Income (Loss) extraord. gain	$ 21,349	$ (20,762)

* Included in Costs and Expenses, Depreciation and Amortization: $2,448 in 1985 and $4,084 in 1984.

Assets

As of June 30	1985	1984
Cash	$ 46,044	$ 37,968
Accts. receiv., net	52,709	59,823
*Inventories	110,043	123,808
Current Assets	$ 208,796	$ 221,599
Investments	14,889	17,358
#Fixed assets	5,127	8,582
Other assets	2,679	2,529
Total Assets	$ 231,491	$ 250,068

Liabilities

Notes payable	$ 18,000	$ 31,000
Accts. payable	42,062	72,266
Accrued expenses	4,486	4,618
Other liabilities	6,811	6,482
Curr. Liabilities	$ 71,359	$ 114,366
+ Common stock	29,411	29,411
Add. paid-in capital	174,708	174,708
Accumulated deficit	(18,207)	(39,555)
Treasury stock	(25,780)	(25,780)
Net unrealized loss	—	(3,082)
Total Liabilities & Shareholders' Equity	$ 231,491	$ 250,068

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.30 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.74	—
%Net Income to Sales	1.33	—
%Net Income to Equity	10.21	—
Sales to Inventories	11.14	9.44
Debt to Equity	0.11	0.23
Working Capital	$137,437	$107,233
Current Ratio	2.93	1.94
Shareholders' Equity	$160,132	$135,702

BATUS Inc.

2000 Citizens Plaza
Louisville, Kentucky 40202
(502) 581-8000

BATUS Inc. is a wholly owned subsidiary of B.A.T. Industries of London, England.

Officers: Henry F. Frigon, president & chief exec. officer; Barry D. Bramley, sr. v.p. & chief administrative officer; Leonard W. Arentsen, sr. v.p. & chief financial officer; John A. McDonough, sr. v.p.-financial services; James R. Clifford, v.p.-planning & analysis; Tony G. Hall, v.p.-human resources; David A. Schechter, v.p. & general counsel; B.D. Cummins, v.p. & controller; Leonard E. Lyles, v.p.-minority affairs; John D. Tyson, v.p.-public affairs; David H. Roe, v.p. & treasurer; Dennis C. Redding, v.p.-mgmt. & organizational development; F. Anthony Burke, secretary & senior counsel.

Directors: Henry F. Frigon, Gerald L. Dennis, Barry D. Bramley, Leonard W. Arentsen, R.J. Pritchard, P. Sheehy, J.W. Turner, Arnold H. Aronson.

Business Activities: Organized in three industrial segments-Tobacco, Retail and Paper. Brown & Williamson Tobacco Corporation manufactures cigarettes, including Barclay, Kool, Lucky Strike, Raleigh and Viceroy. Appleton Papers, Inc. produces carbonless and thermal paper and colored enamels.

Retail Divisions:

Saks Fifth Avenue
New York, New York
Operates 41 fashion specialty stores in 18 states.

Thimbles
New York, New York
Operates 31 specialty fashion stores in 10 states.

The John Breuner Company
San Ramon, California
Operates 17 quality home furnishing stores and 42 furniture rental stores in Arizona, California and Nevada.

Ivey's—Carolinas
Charlotte, North Carolina
Operates 13 department stores in North and South Carolina.

Ivey's—Florida
Orlando, Florida
Operates 11 department stores in Florida.

Marshall Field's & Company
Chicago, Illinois
Operates 21 department stores in Illinois, Wisconsin and Texas.

Number of Stores: (at fiscal year end):

	Department Stores	Specialty Stores	Furnishing Stores
1985	45	72	59
1984	134	56	57
1983	133	46	53
1982	126	43	42
1981	55	37	—

Sales and Earnings

	Net Sales +	Net Income
1985	$5,086,902,000	$ 163,532,000
1984	4,876,023,000	313,523,000
1983	4,802,941,000	258,560,000
1982	4,447,000,000	213,955,000
1981	3,750,000,000	179,698,000

+ Of continuing operations only.

Revenues By Line of Business
(000's)

	1985	1984
Tobacco	$ 2,272,809	$ 2,264,105
Retailing	2,174,954	2,039,206
Paper	639,139	572,712
Total	$ 5,086,902	$ 6,211,078

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 5,086,902	$ 4,876,023
Cost of sales	2,692,671	2,576,394
Fed. excise taxes	561,445	542,361
Expenses	1,117,805	1,067,909
Interest expenses	147,666	149,619
Income before taxes	$ 567,315	$ 539,740
Income taxes	238,400	241,200
Inc. - cont. oper.	$ 328,915	$ 298,540
Inc. (loss) - discont. oper.	(15,383)	14,983
Prov. for retail restruc.	(150,000)	—
Net Income	$ 163,532	$ 313,523

* Included in Costs and Expenses, Depreciation: $123,444,000 in 1985 and $107,374,000 in 1984.

Assets
(000's)

As of Dec. 31	1985	1984
Cash	$ 8,169	$ 40,820
Short-term invest.	64,815	545
Accts. receiv., net	1,255,728	1,128,074
*Inventories	972,353	950,851
Other assets	22,484	21,250
Current Assets	$ 2,323,549	$ 2,141,540
#Fixed assets	1,630,723	1,524,155
Other assets	306,858	301,203
Intangibles	256,318	316,799
Total Assets	$ 4,517,448	$ 4,283,697

Liabilities
(000's)

Short-term borr.	$ 5,000	$ 104,797
Long-term debt & cap. lease oblig., curr.	20,702	31,366
Accts. payable	440,361	381,554
Accruals	807,693	444,903
Due to affil. co.	25,306	22,797
Income & excise taxes	101,082	212,602
Curr. Liabilities	$ 1,400,144	$ 1,198,019
Long-term debt	1,229,929	1,218,718
Other liab.	486,956	473,949
+ Common stock	1	1
Add. paid-in capital	73,252	69,376
Retained earnings	1,327,166	1,323,634
Total Liabilities & Shareholders' Equity	$ 4,517,448	$ 4,283,697

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	11.68	22.51
Sales to Inventories	5.23	5.13
Debt to Equity	0.90	0.97
Working Capital	$ 923,405,000	$ 943,521,000
Current Ratio	1.66	1.79
Shareholders' Equity	$1,400,419,000	$1,393,011,000

Bayly Corp.

Bldg. 22
Denver Tech Center
Englewood, Colorado 80111
(303) 773-3850

Officers: David T. Marantette, III, chairman of the board & chief executive officer; William H. Harrington, v.p.-Retail division; W. Lamar Bullard, v.p.-operations; Richard P.

Thrush, v.p.-finance; Joseph L. Holgerson, v.p. & gen. mgr.-Ocean Pacific Division; Kenneth R. Delk, v.p.; Calvin Tipton, secretary & treasurer.

Directors: David T. Marantette, III, chairman; Charles J. Bock, John J. Brinkel, Leet E. Denton, Ronald T. Hill, Charles F. Talbot, Jr., Jack A. Tompkins.

Business Activities: Manufacturer of leisure and utility apparel, largely men's and boy's clothing. Jeans and leisure wear comprise the major portion of its operations. Also operates retail stores specializing in sports equipment and casual wear.

Divisions and Subsidiaries:

Aspen Leaf, Inc.
Operates retail stores in Denver and Colorado Springs, Colorado and Minneapolis, Minnesota.

Appelcraft Division
Men's and boy's apparel.

Transfer Agent(s):

Bank of America, N.T. & S.A.
55 Hawthorne Street
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BAYL (NASDAQ)

Number of Stores: (at fiscal year end)

1985	13	1982	9
1984	10	1981	10
1983	8		

Sales and Earnings

	Net Sales +	Net Income +
1985	$ 158,592,000	$ (598,000)
1984	131,585,000	1,194,000
1983	101,632,000	3,204,000
1982	92,959,000	(2,531,000)
1981	104,890,000	3,574,000

	No. of Com. Shares ‡	Earn. per Share ‡
1985	2,401,000	$ —
1984	2,435,000	0.49
1983	2,409,000	1.33
1982	2,716,000	—
1981	2,740,000	1.05

(Loss)
+ of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1985	1984
Apparel	$ 145,195	$ 119,829
Retail	12,860	11,756
Other income	537	407
Total	$ 158,592	$ 131,992

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1985	$0.12	—	—
1984	0.12	—	—
1983	0.07	—	4-for-1
1982	0.05	—	—
1981	0.05	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 24,522,000	$ 10.21
1984	25,292,000	10.39
1983	23,986,000	9.96
1982	23,463,312	8.64
1981	26,130,229	9.62

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Oct. 31	1985	1984
Net sales	$ 158,055,000	$ 131,585,000
Other income	537,000	407,000
Total Income	$ 158,592,000	$ 131,992,000
Cost of sales	113,321,000	94,652,000
Expenses	38,712,000	29,288,000
Shipping exp.	4,063,000	3,433,000
Interest expense	3,831,000	2,868,000
Inc. (loss) bef. taxes	$ (1,335,000)	$ 1,751,000
Income taxes (credit)	(737,000)	557,000
Net Income (Loss)	$ (598,000)	$ 1,194,000

* Included in Costs and Expenses. Depreciation: $4,030,000 in 1985 and $2,915,000 in 1984.

Assets

As of Oct. 31	1985	1984
Cash & cert. of deposit	$ 3,360,000	$ 4,246,000
Accts. receiv., net	17,431,000	17,071,000
Refundable taxes	2,813,000	1,957,000
*Inventories	23,253,000	36,234,000
Def. inc. tax benefits	306,000	369,000
Prepaid expenses	327,000	467,000
Current Assets	$ 47,490,000	$ 60,344,000
#Fixed assets	9,123,000	8,796,000
Other asets	6,176,000	9,252,000
Total Assets	$ 62,789,000	$ 78,392,000

Liabilities

Note payable	$ 1,275,000	$ 12,445,000
Long-term debt, curr.	3,885,000	3,975,000
Accts. payable	12,254,000	11,375,000
Accruals	5,362,000	5,409,000
Curr. Liabilities	$ 22,776,000	$ 33,204,000
Long-term debt	14,148,000	18,819,000
Deferred inc. taxes	1,343,000	1,077,000
+ Common stock	2,816,000	2,816,000
Add. paid-in capital	544,000	542,000
Retained earnings	23,662,000	24,548,000
Treasury stock	(2,500,000)	(2,614,000)
Total Liabilities & Shareholders' Equity	$ 62,789,000	$ 78,392,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.33
%Net Income to Sales	—	0.91
%Net Income to Equity	—	4.7[illegible]
Sales to Inventories	6.80	3.63
Debt to Equity	0.79	1.39
Working Capital	$24,714,000	$27,140,000
Current Ratio	2.09	1.82
Shareholders' Equity	$24,522,000	$25,292,000

The Becker Milk Company Limited

671 Warden Avenue
Scarborough, Ontario, Canada M1L 3Z7
(416) 698-2591

Officers: Frank A. Bazos, chairman of the board; Robert W. Lowe, vice chairman; Geoffrey W.J. Pottow, president; Robert Bazos, vice chairman; George Panos, vice chairman; Arvi Magi, exec. v.p., treasurer & secretary; Harold Keene, Lorne Smith, v.p.'s.

Directors: Frank A. Bazos, chairman; Robert W. Lowe, R.J. Kane, Robert Bazos, E.S. Miles, George Panos, Geoffrey W.J. Pottow, Arvi Magi, R.S. Paddon.

Business Activities: Operates a chain of dairy and convenience stores throughout Ontario. Also engaged in the business of processing milk and dairy products.

Divisions and Subsidiaries:

Starlight Variety Stores

Transfer Agent(s):

The Royal Trust Company
Toronto, Ontario, Canada
Montreal, Quebec, Canada

Stock Exchange(s): Toronto

Ticker Symbol: BEKQ

Number of Stores: (at fiscal year end)

1985	681	1982	649
1984	653	1981	631
1983	653		

Sales and Earnings

	Net Sales	Net Income ‡
1985	$ 283,084,979	$ 6,699,151
1984	257,226,204	5,676,774
1983	233,113,251	5,033,470
1982	224,571,881	4,878,542
1981	200,981,040	5,023,506

	No. of Com. Shares #	Earn. per Share #‡
1985	1,728,360	$ 3.86
1984	1,728,360	3.26
1983	1,728,360	2.89
1982	1,728,360	2.81
1981	1,720,360	2.90

‡ Including extraordinary gain of $582,000 ($0.34 per share) in 1985.
# Based on common shares and Class B preference shares combined.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.55	—	—
1984	0.55	—	—
1983	0.55	—	—
1982	0.55	—	—
1981	0.50	—	—

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1985	$ 43,217,655	$ 25.01
1984	37,589,570	21.75
1983	32,983,862	19.08
1982	28,978,249	16.77
1981	25,033,955	14.55

† After allowing for Class A preference stock at par value.
‡ Based on common shares and Class B preference shares combined.

Income Account

Year ended April 30	1985	1984
Net sales	$ 283,084,979	$ 257,226,204
Cost of sales & expenses	265,678,450	241,408,266
Depreciation & amortization	4,994,667	4,405,779
Interest expense	526,711	558,053
Income before taxes	$ 11,885,151	$ 10,854,106
Income taxes	5,768,000	5,177,332
Net Income	$ 6,117,151	$ 5,676,774
Extraord. gain	582,000	—
Net Income & extraord. gain	$ 6,699,151	$ 5,676,774

Assets

As of April 30	1985	1984
Cash	$ 65,500	$ 61,300
Accts. receiv., net	2,517,125	2,319,224
*Inventories	23,406,826	20,428,500
Income tax refund	3,981,411	—
Prepaid expenses	675,631	1,083,098
Mortg. receiv.	12,204	12,262
Current Assets	$ 30,658,697	$ 23,904,384
Investments	140,482	171,476
#Fixed assets	44,684,265	38,927,417
Other assets	1,174,307	1,177,207
Total Assets	$ 76,657,751	$ 64,180,484

Liabilities

	1985	1984
Bank indebtedness	$ 7,320,128	$ 2,063,955
Accts. payable & accruals	19,289,348	17,109,420
Dividends payable	518,508	518,508
Sundry mortg. & debenture payable	763,816	760,705
Curr. Liabilities	$ 27,891,800	$ 20,452,588
Bank loan	3,375,000	3,875,000
Long-term debt:		
Deferred franchise income	220,833	196,257
Mortg. payable	906,990	823,878
Other debt	454,694	452,300
Less curr. portion	(763,816)	(760,705)
Deferred inc. taxes	787,095	984,096
+ Class A preferred	567,500	567,500
+ + Class B preferred	916,955	916,955
+ + + Common stock	288	288
Retained earnings	42,300,412	36,672,327
Total Liabilities & Shareholders' Equity	$ 76,657,751	$ 64,180,484

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and amortization.
+ $100 par value; 6% cumulative.
+ + No par value, non-voting, non-cumulative.
+ + + No par value.

Statistical Summary

	1985	1984
%Income bef. Taxes to Sales	2.16	4.22
%Net Income to Sales	2.37	2.21
%Net Income to Equity	13.97	14.88
Sales to Inventories	12.09	12.59
Debt to Equity	0.10	0.13
Working Capital	$ 2,766,897	$ 3,451,796
Current Ratio	1.10	1.77
Shareholders' Equity	$43,785,155	$38,157,070

Begley Company

P.O. Box 1000
Eastern Kentucky University Bypass
Richmond, Kentucky 40475
(606) 623-2550

Officers: Robert J. Begley, chairman of the board and president; Donald R. Snyder, exec. v.p. and treasurer; Wendell W. Lake, sr. v.p.-Industrial Div.; Clarence E. Fain, v.p.-distribution; Conley C. Congleton, v.p., general counsel & secretary; Ronald G. Clasgens, controller and asst. treasurer; Billy R. Masters, v.p.-management information services; Orlando F. Segneri, sr. v.p.-retail operations.

Directors: James K. Lewis*, Robert J. Begley*, Robert L. Maddox, Jr., Russell Steele Gregory, Donald R. Snyder*, Robert R. Martin*, Wendell W. Lake, Tracy Farmer, Orlando F. Segneri.

* Member of the Executive Committee.

Business Activities: Operate drug stores and pharmacies in Kentucky. Also operates dry cleaners in Florida, Illinois, Alabama, Indiana, Iowa, Kentucky, Missouri, Tennessee, Michigan and Virginia under the names "Big B", "Superior" and "Key One Hour Cleaners." Also operates six home health centers in Kentucky.

Subsidiaries:

B & B Equipment & Supply Company
Richmond, Kentucky
Distributor of dry cleaning supplies.

Convenience Manufacturing Corporation
Richmond, Kentucky
Manufactures drive-in windows.

Transfer Agent(s):

The Central Trust Company
Cincinnati, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BGLY (NASDAQ)

Number of Stores:

	Drug Stores	Apothecaries	Dry Cleaners	Home Health Centers
1986	40	—	132	6
1985	42	—	125	5
1984	45	—	108	4
1983	43	3	91	4
1982	43	4	76	3

Sales and Earnings

	Oper. Revenues	Net Income
1986	$ 70,395,435	$ 701,277
1985	66,104,802	694,843
1984	61,460,456	733,460
1983	56,786,439	806,592
1982	49,981,558	229,319

	No. of Com. Shares	Earn. per Share #
1986	552,535	$ 1.27
1985	552,290	1.26
1984	553,263	1.33
1983	547,945	1.47
1982	553,157	0.40

Based on the average number of shares outstanding.

Revenues By Line of Business

	1986	1985	1984	1983
Drug stores	75%	76%	75%	77%
Dry cleaning	25	24	25	23
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.72	—	—
1985	0.68	—	—
1984	0.68	—	—
1983	0.68	—	—
1982	0.68	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 10,688,276	$ 19.34
1985	10,375,758	18.79
1984	10,073,433	18.21
1983	9,608,378	17.54
1982	9,237,101	16.70

Income Account *

Year ended March 31	1986	1985
Net sales	$ 52,834,030	$ 50,277,949
Other income	17,561,405	15,826,853
Total Income	$ 70,395,435	$ 66,104,802
Cost of sales	32,807,323	31,194,687
Expenses	34,928,026	32,669,853
Other expense (income)	98,199	(278,559)
Interest expense	1,262,610	1,352,978
Income before taxes	$ 1,299,277	$ 1,165,843
Income taxes	598,000	471,000
Net Income	$ 701,277	$ 694,843

* Included in Costs and Expenses, Depreciation and Amortization: $1,693,167 in 1986 and $1,483,412 in 1985.

Assets

As of March 31	1986	1985
Cash	$ 1,428,306	$ 890,200
Accts. receiv., net	2,338,279	2,106,776
Other receiv.	973,204	638,862
*Inventories	12,529,711	13,110,688
Current Assets	$ 17,269,500	$ 16,746,526
#Fixed assets	10,042,514	9,577,721
Other assets	1,946,952	2,026,305
Total Assets	$ 29,258,966	$ 28,350,552

Liabilities

	1986	1985
Notes payable	$ 375,000	$ 1,750,000
Long-term debt, curr.	312,999	1,021,014
Cap. lease oblig., curr.	562,442	669,645
Accts. payable & accruals	5,775,872	6,691,745
Current Liabilities	$ 7,026,313	$ 10,132,404
Long-term debt	11,010,377	7,646,390
Def. inc. taxes	534,000	196,000
+ Common stock	927,947	926,859
Add. paid-in capital	1,995,145	1,987,108
Retained earnings	7,827,519	7,524,126
Treasury stock	(62,335)	(62,335)
Total Liabilities & Shareholders' Equity	$ 29,258,966	$ 28,350,552

* Merchandise on retail method (cost is determined by LIFO method), supplies at latest invoice cost, which approximates FIFO.
# Less accumulated depreciation and amortization.
+ $1.66⅔ par value.

Statistical Summary

	1986	1985
%Income bef. Taxes to Sales	2.46	2.32
%Net Income to Sales	1.33	1.38
%Net Income to Equity	6.56	6.70
Sales to Inventories	4.22	3.83
Debt to Equity	1.15	1.07
Working Capital	$10,243,187	$ 6,614,122
Current Ratio	2.46	1.65
Shareholders' Equity	$10,688,276	$10,375,758

W. Bell & Co., Inc.

12401 Twinbrook Parkway
Rockville, Maryland 20852
(301) 881-2000

Officers: Walter Bell, chairman of the board & president; Bernard M. Blum, exec. v.p.; Fredric J. Bell, sr. v.p.; Desmond J. Karmolinski, v.p.-merchandising; Warren E. Lawhon, v.p.-advertising & catalog production; Dorothy Bell, secretary; Martin Pfeifer, v.p.-finance, treasurer; Larry McPherson, v.p.-corp. systems; Thomas E. Tatum, v.p.-branch operations.

Directors: Walter Bell, chairman; Bernard M. Blum, Fredric J. Bell, Dorothy Bell, Martin Pfeifer.

Business Activities: Operates a chain of showrooms/warehouses selling gift merchandise; also conducts catalog sales. Showrooms are located in the Washington, D.C.; Baltimore, Maryland; Houston, Texas; and Chicago, Illinois, metropolitan areas.

Transfer Agent(s):

Maryland National Bank
Baltimore, Maryland

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BLLW (NASDAQ)

Number of Stores:

1985	21	1982	18
1984	18	1981	15
1983	18		

W. Bell & Co., Inc.

Sales and Earnings

	Net Sales	Net Income
1985	$ 148,156,000	$ 1,518,000
1984	138,060,000	2,657,000
1983	125,365,171	2,691,360
1982	134,592,847	1,423,166
1981	107,431,071	2,425,986

	No. of Com. Shares ‡	Earn. per Share ‡
1985	3,029,870	$ 0.50
1984	2,839,528	0.94
1983	2,386,047	1.13
1982	2,388,190	0.60
1981	2,390,304	1.02

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	10%	—
1984	—	10%	—
1983	—	5%	—
1982	—	—	3-for-2
1981	—	20%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 28,597,000	$ 9.44
1984	27,266,000	9.60
1983	18,841,719	7.90
1982	16,161,976	6.77
1981	14,749,925	6.17

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends and stock split.

Income Account

Year ended	6/29/85	6/30/84
Net sales	$ 148,156,000	$ 138,060,000
Cost of sales	116,972,000	107,369,000
Expenses	25,402,000	22,717,000
Depreciation & amortization	2,073,000	1,941,000
Interest expense	1,128,000	1,041,000
Income before taxes	$ 2,581,000	$ 4,992,000
Income taxes	1,063,000	2,335,000
Net Income	$ 1,518,000	$ 2,657,000

Assets

As of	6/29/85	6/30/84
Cash	$ 1,614,000	$ 1,014,000
Accts. receiv., net	653,000	249,000
Income taxes	768,000	35,000
*Inventories	35,467,000	33,471,000
Other assets	2,006,000	2,099,000
Current Assets	$ 40,508,000	$ 36,868,000
#Fixed assets	18,162,000	15,877,000
Other assets	80,000	106,000
Total Assets	$ 58,750,000	$ 52,851,000

Liabilities

Notes payable	$ 1,000,000	$ 1,000,000
Long-term debt, curr.	211,000	780,000
Accts. payable	10,215,000	11,418,000
Accruals	3,254,000	3,616,000
Income taxes	4,000	573,000
Curr. Liabilities	$ 14,684,000	$ 17,387,000
Long-term debt	13,206,000	6,368,000
Deferred inc. taxes	2,263,000	1,830,000
+Common stock	309,000	281,000
Add. paid-in capital	19,002,000	16,470,000
Retained earnings	9,344,000	10,661,000
Treasury stock	(58,000)	(96,000)
Total Liabilities & Shareholders' Equity	$ 58,750,000	$ 52,851,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.74	3.62
%Net Income to Sales	1.02	1.92
%Net Income to Equity	5.31	9.74
Sales to Inventories	4.18	4.12
Debt to Equity	0.50	0.30
Working Capital	$25,824,000	$19,481,000
Current Ratio	2.76	2.12
Shareholders' Equity	$28,597,000	$27,266,000

Berkshire Hathaway Inc.

1440 Kiewit Plaza
Omaha, Nebraska 68131
(402) 342-4110

Officers: Warren E. Buffett, chairman of the board & chief executive officer; Charles T. Munger, vice chairman; Robert H. Bird, J. William Scott, Michael A. Goldberg, v.p.'s; J. Verne McKenzie, v.p., secretary & treasurer; Daniel J. Jaksich, controller.

Directors: Warren E. Buffett, chairman; Charles T. Munger, Kenneth V. Chace, Malcom G. Chace, Jr., J. Verne McKenzie.

Business Activities: Operates Associated Retail Stores, Inc., a chain of approximately 90 popular priced apparel stores; Nebraska Furniture Mart, Inc., a large home furnishings retail store located in Omaha, Nebraska; and See's Candy Shops, Inc., a chain of 215 retail candy shops in the West and Midwest. Also, through subsidiaries, the company is engaged in the underwriting of property and casualty insurance, the trading stamps and motivation business, and the newspaper business.

Divisions and Subsidiaries:

National Indemnity Company
3024 Harney Street
Omaha, Nebraska 68131

National Fire and Marine Insurance Co.
3024 Harney Street
Omaha, Nebraska 68131

Columbia Insurance Company
3024 Harney Street
Omaha, Nebraska 68131

Cornhusker Casualty Co.
3035 Harney Street
Omaha, Nebraska 68131

Kansas Fire & Casualty Co.
Topeka, Kansas

Continental Divide Insurance Co.
Inglewood, Colorado

Lakeland Fire and Casualty Co.
6700 France Avenue South
Minneapolis, Minnesota 55435

Insurance Co. of Iowa
1228-8th Street
West Des Moines, Iowa 50265

Texas United Insurance Co.
1802 N E Loop 410
San Antonio, Texas 78217

Home and Automobile Insurance Co.
209 West Jackson Boulevard
Chicago, Illinois 60606

Cypress Insurance Company
Pasadena, California

See's Candy Shops, Inc.
Operates 215 retail stores in 12 western and midwestern states, offering boxed chocolates and other confectionary items that it manufactures.

Wesco Financial Corporation (80.1% owned)
315 E. Colorado Boulevard
Pasadena, California 91109

Illinois National Bank & Trust Co. of Rockford
(98% owned)
228 Main Street
Rockford, Illinois 61101

Sun Newspapers, Inc.
900 S. 74 Plaza, Suite 400
Omaha, Nebraska 68114

Blue Chip Stamps
5801 South Eastern Avenue
Los Angeles, California 90040

Waumbec Mills Incorporated
Manchester, New Hampshire
Produces woven goods for the drapery and apparel trade.

Precision Steel Warehouse, Inc. (80% owned)
Franklin Park, Illinois

Associated Retail Stores, Inc.
Long Island City, New York
Operates a chain of 90 popular priced women's apparel stores.

Nebraska Furniture Mart (90% owned)
Omaha, Nebraska
Operates a discount furniture store in Nebraska

The Scott & Fetzer Company
Westlake, Ohio

Transfer Agent(s):

First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BKHT (NASDAQ)

Number of Stores: (at fiscal year end)

1985	306	1983	91
1984	N.A		

N.A. - Not Available.

Sales and Earnings

	Revenues ‡	Net Income
1985	$ 933,485,000	$ 435,815,000
1984	724,622,000	148,895,000
1983	599,057,000	112,166,000
1982	517,512,000	46,374,000
1981	525,153,000	62,604,000

	No. of Com. Shares	Earn. per Share +
1985	1,147,000	$ 379.99
1984	1,147,000	129.82
1983	1,147,000	105.15
1982	987,000	47.01
1981	987,000	63.47

‡ Revenues include insurance premiums, sales and service revenues, and interest and dividend income.
+ Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1985	1984
Insurance	$ 412,481	$ 209,523
Textiles	25,696	32,444
Retailing of apparel	43,115	41,966
Candy	145,103	136,053
Steel serv. ctr.	51,305	55,305
Retailing of home furn.	123,292	118,176
Newspaper	107,864	101,639
Other	31,008	34,073
Total	$ 939,864	$ 729,179

Common Stock Equity

	Total Equity	Equity Per Share
1985	$1,885,330,000	$ 1,643.71
1984	1,271,761,000	1,108.77
1983	1,119,193,000	975.83

1982	727,483,000	737.43
1981	519,463,000	526.84

Income Account *
(000's)

Year ended	12/28/85	12/29/84
Insurance prem. earned	$ 317,059	$ 140,242
Sales & service rev.	508,764	500,219
Int. & dividend income	107,662	84,161
Eq. in earn. of unconsolid. subsid.	6,379	4,557
Revenues	$ 939,864	$ 729,179
Cost of prods. & serv. sold	285,925	296,770
Expenses	150,423	138,875
Insurance losses	280,249	141,550
Insurance underwriting expense	81,040	46,752
Interest expense	14,415	14,734
Income before taxes	$ 127,812	$ 90,498
Income taxes	31,271	16,420
Minority interest	3,593	3,877
Real. invest. gain	(342,867)	(78,694)
Net Income	$ 435,815	$ 148,895

* Included in Costs and Expenses, Depreciation and Amortization: $9,592,000 in 1985 and $8,764,000 in 1984.

Assets
(000's)

As of	12/28/85	12/29/84
Cash	$ 1,017,667	$ 173,721
Accts. receiv., net	156,362	88,489
*Inventories	37,386	41,332
Investments	1,658,692	1,539,831
Investments in Mutual S & L	29,810	32,927
Investment in Scott & Fetzer	57,215	—
#Fixed assets	69,369	67,919
Other assets	27,680	6,271
Goodwill	75,169	77,269
Def. insur. prem. acq. costs	51,368	7,444
Total Assets	$ 3,180,718	$ 2,035,203

Liabilities
(000's)

Long-term debt	$ 117,879	$ 127,104
Losses & loss adj. expenses	411,305	243,298
Unearned premiums	229,440	49,099
Accts. payable, accruals & other liab.	72,636	73,346
Income taxes	97,180	11,432
Deferred inc. taxes	284,401	177,907
Unredeemed trading stamps	48,187	58,957
Min. shareholders' int.	34,360	22,299
+ Common stock	6,876	6,876
Add. paid-in capital	157,377	157,377
Apprec. of eq. securities	664,707	486,953
Retained earnings	1,097,308	661,493
Treasury stock	(40,938)	(40,938)
Total Liabilities & Shareholders' Equity	$ 3,180,718	$ 2,035,203

* At LIFO cost or at lower of cost (FIFO or average) or market.
# Less accumulated depreciation and amortization.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Revenues	13.60	12.41
%Net Income to Revenues	46.37	20.42
%Net Income to Equity	23.12	11.71
Debt to Equity	0.06	0.10
Shareholders' Equity	$1,885,330,000	$1,271,761,000

Best Products Co., Inc.

Parham Road at I-95
Richmond, Virginia 23227
(804) 261-2000

Mailing address:

P.O. Box 26303
Richmond, Virginia 23260

Officers: Andrew M. Lewis, chairman of the board & chief executive officer; Robert E. Huntley, president & chief operating officer; Frances A. Lewis, exec. v.p.; Bernard A. Cohen, exec. v.p.; J. Lee Hawks, sr. v.p.; Dudley L. Parker, Jr., sr. v.p.-administration; Fred A. Wollenberg, sr. v.p.-planning & mgmt. services; William E. Costello, sr. v.p. & chief financial officer; James J. Spencer, corp. secretary & treasurer; James D. Standohar, v.p. & controller.

Directors: Robert L. Burrus, Jr., David Arenstein, Robert Huntley, Andrew Lewis, Sydney Lewis, Frances Lewis, H. Fred Krimendahl, II, Ross R. Millhiser, James C. Wheat, Jr., Susan L. Butler, Cathleen Douglas Stone, Frank S. Royal, Lucy Billingsley

Business Activities: Sells jewelry and nationally advertised brand-name merchandise through catalog showrooms in 28 states under the names Best, LaBelle's, Jafco, Dolgin's, and Great Western. The Company also operates a 33-unit specialty retailing chain, Ashby's Ltd., which sells women's designer and brand-name clothing below full retail; and an 11-store jewelry store chain, Best Jewelry.

Transfer Agent(s):

United Virginia
9th & Main Streets
Richmond, Virginia 23219

Stock Exchange(s): New York

Ticker Symbol: BES

Number of Stores: (at fiscal year end)

1986	[illegible]7	1983	189
1985	[illegible]44	1982	100
1984	197		

Sales and Earnings

	Net Sales	Net Income
2/1/86	$2,234,768,000	$ 2,223,000
2/2/85	2,252,656,000	13,609,000
1/28/84	2,081,328,000	33,013,000
1/29/83	1,581,650,000	26,121,000
1/30/82*	772,727,000	19,498,000

	No. of Com. Shares #	Earn. Per Share #
2/1/86	26,936,000	$ 0.08
2/2/85	27,086,000	0.50
1/28/84	26,443,000	1.25
1/29/83	17,660,000	1.48
1/30/82*	14,553,000	1.34

* 7 months.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
2/1/86	$0.24	—	—
2/2/85	0.24	—	—
1/28/84	0.23	—	3-for-2
1/29/83	0.21	—	—
1/30/82	0.17	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
2/1/86	$ 415,028,000	$ 15.41
2/2/85	418,778,000	15.46
1/28/84	414,635,000	15.68
1/29/83	317,655,000	17.99
1/30/82	186,733,000	12.83

‡ After allowing for preferred stock at par value.
† Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Income Account
(000's)

As of	2/1/86	2/2/85
Net sales	$ 2,234,768	$ 2,252,656
Cost of sales	1,685,198	1,701,270
Expenses	434,958	418,917
Depreciation & amortization	67,341	65,764
Interest expense	43,795	41,880
Income before taxes	$ 3,476	$ 24,825
Income taxes	1,253	11,216
Net Income	$ 2,223	$ 13,609

Assets
(000's)

As of	[illegible]/86	2/2/85
Cash	$ 15,126	$ 4,915
Accts. receiv., net	45,050	46,746
*Inventories	757,051	658,880
Prepaid expenses	23,459	13,143
Current Assets	$ 840,686	$ 723,684
Investments	150,888	159,386
#Fixed assets	335,971	289,762
Other assets	4,430	5,592
Total Assets	$ 1,331,975	$ 1,178,424

Liabilities
(000's)

Long-term debt. & cap. lease oblig., curr.	$ 7,345	$ 13,880
Accts. payable	429,919	359,844
Accruals	91,911	69,002
Income taxes	515	1,026
Curr. Liabilities	$ 529,690	$ 443,752
Long-term debt	201,017	134,631
Cap. lease oblig.	169,624	171,748
Deferred credits	16,248	9,147
+ Preferred Stock	368	368
+ + Common Stock	27,154	27,154
Add. paid-in capital	201,376	201,359
Retained earnings	189,306	193,568
Treasury stock	(2,808)	(3,303)
Total Liabilities & Shareholders' Equity	$ 1,331,975	$ 1,178,424

* At lower of cost (LIFO) or market. Electronics inventories at FIFO.
# Less accumulated depreciation and amortization.
+ $10 par value, 6% cumulative, Series A.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.16	1.10
% Net Income to Sales	0.10	0.60
% Net Income to Equity	0.54	3.25
Sales to Inventories	2.95	3.42
Debt to Equity	0.91	0.76
Working Capital	$310,996,000	$279,932,000
Current Ratio	1.59	1.63
Shareholder's Equity	$415,396,000	$419,146,000

Big B, Inc.

2600 Morgan Road at I-459
Bessemer, Alabama 35023
(205) 424-3421

Mailing address:
P.O. Box [illegible]66
Birmingham, Alabama 35202

Officers: Joseph Bruno, chairman of the board; Anthony J. Bruno, president; Arthur M. Jones, Sr., exec. v.p., secretary &

Big B, Inc.

treasurer; Vincent J. Bruno, v.p.-merchandising & adv.; Bobby W. Little, v.p.-store operations; John F. Hight, Jr., v.p.-professional relations.

Directors: Joseph Bruno, chairman; Anthony J. Bruno; Arthur M. Jones, Sr.; Vincent J. Bruno; Isaac L. Alderman; Katherine M. McTyeire; Richard Cohn.

Business Activities: Operates 126 Big "B" drugstores, 5 B-Mart food and drug stores, and 4 Home Health Care centers, in five southern states, with the majority located in Alabama.

Transfer Agent(s):

First Alabama Bank
Montgomery, Alabama

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BIGB (NASDAQ)

Number of Stores: (at fiscal year end)

1986	135	1983	83
1985	114	1982	76
1984	99		

Sales and Earnings

	Net Sales	Net Income
1986	$ 175,431,000	$ 4,039,000
1985	148,067,000	4,442,000
1984	116,988,000	3,471,000
1983	87,413,000	2,541,000
1982	70,109,000	2,011,000

	No. of Com. Shares †	Earn. per Share #
1986	6,609,745	$ 0.61
1985	6,574,416	0.68
1984	6,559,844	0.53
1983	6,553,828	0.39
1982	5,301,410	0.38

† Adjusted to reflect stock split.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 34,563,000	$ 5.23
1985	30,194,000	4.59
1984	25,534,000	3.89
1983	22,026,000	3.36
1982	19,485,000	3.68

† Adjusted to reflect stock split.

Income Account
(000's)

Year ended	2/1/86	2/2/85
Net sales	$ 175,431	$ 148,067
Cost of sales	124,247	104,624
Expenses	42,462	34,340
Depreciation & amortization	1,626	1,083
Interest expense	378	153
Interest income	(12)	(125)
Income before taxes	$ 6,730	$ 7,992
Income taxes	2,691	3,550
Net Income	$ 4,039	$ 4,442

Assets
(000's)

As of	2/1/86	2/2/85
Cash & temp. cash invest.	$ 2,357	$ 1,949
Receivables, net	2,770	1,930
*Inventories	48,375	35,148
Prepaid expenses	961	815
Current Assets	$ 54,463	$ 39,842
#Fixed assets	19,118	17,321
Cash surrender value of life insur. policy	145	67
Total Assets	$ 73,726	$ 57,230

Liabilities
(000's)

Long-term debt & cap. lease oblig., curr.	$ 147	$ 141
Notes payable	4,000	—
Accts. payable	21,827	14,092
Accruals	2,754	2,194
Due to Bruno's	389	1,077
Curr. Liabilities	$ 29,117	$ 17,504
Long-term debt & cap. lease oblig.	7,905	7,946
Deferred comp.	171	131
Deferred gains	429	503
Deferred inc. taxes	1,541	952
+ Common stock	66	77
Add. paid-in capital	14,033	13,703
Retained earnings	20,464	16,425
Total Liabilities & Shareholders' Equity	$ 73,726	$ 57,230

* At lower of cost (LIFO) or market.
# Less accumalated depreciation.
+ $0.10 par value.

Statistical Summary

% Income bef. Taxes to Sales	3.84	5.40
% Net Income to Sales	2.30	3.00
% Net Income to Equity	11.69	14.71
Sales to Inventories	3.63	4.21
Debt to Equity	0.35	0.27
Working Capital	$25,346,000	$22,338,000
Current Ratio	1.87	2.28
Shareholders' Equity	$34,563,000	$30,194,000

Big V Supermarkets, Inc.

176 North Main Street
Florida, New York 10921
(914) 651-4411

Officers: William Rosenberg, chairman of the board; A. Richard Rosenberg, president & chief executive officer; Gary S. Koppele, v.p.-administration, treasurer & chief financial officer; David G. Bronstein, exec. v.p. & chief operating officer; E.J. Fox, v.p.-industrial relations; Cornelius J.J. Madera, Jr., v.p.-corp. development, secretary & general counsel; Richard Rantala, v.p.-merchandising; John W. Beisel, Jr., v.p.-operations.

Directors: William Rosenberg, chairman; A. Richard Rosenberg, Walter H. Weiner, Charles Bloom, L. Frederick Polakoff, Joseph N. Hankin.

Business Activities: Operates a chain of 32 supermarkets under the "Shoprite" name, primarily in the Hudson River Valley, New York State.

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York 10015

Stock Exchange(s): American

Ticker Symbol: BIV

Number of Employees:

1985	32	1982	31
1984	32	1981	30
1983	31		

Sales and Earnings

	Net Sales	Net Income
1985	$ 560,627,710	$ 5,739,784
1984	542,808,153	1,855,628
1983	525,764,394	5,511,843
1982	516,881,065	7,302,390
1981	456,448,244	6,439,915

	No. of Com. Shares ‡	Earn. per Share ‡
1985	5,404,697	$ 1.06
1984	5,446,610	0.34
1983	5,465,418	1.01
1982	5,492,167	1.33
1981	5,617,404	1.15

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.40	—	—
1984	0.40	—	—
1983	0.35	20%	—
1982	0.25	—	3-for-2
1981	0.19	20%	—

+ Adjusted to reflect stock dividends and stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 42,754,575	$ 7.91
1984	38,991,327	7.16
1983	39,960,067	7.31
1982	36,362,715	6.62
1981	31,648,003	5.63

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock split.

Income Account

Year ended	12/28/85	12/29/84
Net sales	$ 560,627,710	$ 542,808,153
Cost of sales	444,629,285	436,199,641
Expenses	95,729,879	96,052,176
Depreciation & amortization	7,264,009	6,561,809
Interest expense	2,154,753	1,830,899
Income before taxes	$ 10,849,784	$ 2,163,628
Income taxes	5,110,000	308,000
Net Income	$ 5,739,784	$ 1,855,628

Assets

As of	12/28/85	12/29/84
Cash	$ 5,217,083	$ 6,394,241
Cert. of deposit	5,794,088	5,371,824
*Inventories	17,592,418	17,666,038
Prepaid expenses	1,620,712	1,601,481
Refundable income taxes	—	1,350,000
Other receiv.	4,063,807	2,665,380
Current Assets	$ 34,288,108	$ 35,048,964
Investment	6,023,362	5,974,100
#Fixed assets	68,233,455	57,022,752
Other assets	1,576,319	1,297,059
Total Assets	$ 110,121,244	$ 99,342,875

Liabilities

Long-term debt, curr.	$ 1,613,802	$ 1,594,709
Cap. lease oblig., curr.	189,025	223,653
Accts. payable	21,466,274	23,966,117
Accruals	5,327,013	4,765,621
Income taxes	1,436,378	—
Curr. Liabilities	$ 30,032,492	$ 30,550,100
Long-term debt	30,808,336	24,535,976
Cap. lease oblig.	1,363,346	1,552,371
Deferred inc. taxes	5,162,495	3,713,101
+ Common stock	565,269	565,269
Add. paid-in capital	22,426,737	21,518,137
Retained earnings	22,373,657	18,795,752
Treasury stock	(1,887,831)	(1,887,831)

Deferred compensation	(723,257)	—
Total Liabilities & Shareholders' Equity	$ 110,121,244	$ 99,342,875

* At cost (LIFO & FIFO)
# Less accumulated depreciation and amortization
+ $0.10 par value

Statistical Summary

%Income bef. Taxes to Sales	1.94	0.40
%Net Income to Sales	1.02	0.34
%Net Income to Equity	13.42	4.76
Sales to Inventories	31.87	30.73
Debt to Equity	0.79	0.72
Working Capital	$ 4,255,616	$ 4,498,864
Current Ratio	1.14	1.15
Shareholders' Equity	$42,754,575	$38,991,327

Borman's, Inc.

18718 Borman Avenue
Detroit, Michigan 48228
(313) 835-9500

Mailing address:
P.O. Box 446
Detroit, Michigan 48232

Officers: Paul Borman, president; Thomas V. Angott, exec v.p.; Daniel J. Church, v.p.-finance & treasurer; Leonard Borman, secretary; James R. Smith, v.p.-personnel; Ray Rohr, controller; Ted J. Simon, v.p.-real estate.

Directors: Paul Borman, Sylvan Rapaport, Thomas V. Angott, Daniel J. Church, Leonard Borman, E.L. Koning, Grant C. Gentry, Ted J. Simon, Jack Levine.

Business Activities: Operates Farmer Jack supermarkets located in Detroit and environs; Food Fair Mini-Mart convenience stores; also owns the Detroit Pure Milk Company, a distributor of dairy products, and the Wesley's Quaker Maid Inc., a processor and distributor of the ice cream products.

Divisions and Subsidiaries:

Farmer Jack Supermarkets Division
Food Fair Mini-Mart Division

all at:

18718 Borman Avenue
Detroit, Michigan 48228

Detroit Pure Milk Co.
18940 Weaver
Detroit, Michigan 48228

Wesley's Quaker Maid, Inc.
9700 Oakland
Detroit, Michigan 48211

Transfer Agent(s):

National Bank of Detroit
Detroit, Michigan

The Chase Manhattan Bank
New York, New York

Stock Exchange(s): New York

Ticker Symbol: BRF

Number of Stores: (at fiscal year end)

	Supermarkets	Convenience Stores
1986	82	16
1985	85	16
1984	85	16
1983	85	15
1982	84	15

Sales and Earnings

	Net Sales +	Net Income ‡
1986	$ 987,188,000	$ 7,338,000
1985	1,025,920,000	(1,119,000)
1984	996,236,000	(10,515,000)
1983	1,000,888,000	7,419,000
1982	976,940,000	(3,462,000)

	No. of Com. Shares	Earn. per Share ‡ #
1986	2,803,404	$ 2.62
1985	2,803,404	—
1984	2,800,729	—
1983	2,845,329	2.57
1982	2,919,929	—

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gains of $2,380,000 ($0.85 per share) in 1986 and $2,500,000 ($0.87 per share) in 1983.
# Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 30,135,166	$ 10.75
1985	22,797,009	8.13
1984	23,900,749	8.53
1983	35,304,221	12.41
1982	28,261,906	9.68

Income Account *

Year ended	1/25/86	1/26/85
Net sales	$ 987,188,166	$1,025,920,457
Cost of sales	735,873,414	769,714,538
Expenses	240,804,304	254,427,391
Interest expense	811,567	766,045
Interest on oblig. under cap. leases	2,360,724	2,331,438
Inc. (loss) bef. taxes	$ 7,338,157	$ (1,118,955)
Income taxes	2,380,000	—
Net Income (Loss)	$ 4,958,157	$ (1,118,955)
Extraord. gain	2,380,000	—
Net Income (Loss) & extraord. gain	$ 7,338,157	$ (1,118,955)

* Included in Costs and Expenses, Depreciation and Amortization: $6,637,693 in 1986 and $6,846,568 in 1985.

Assets

As of	1/25/86	1/26/85
Cash	$ 7,502,284	$ 6,752,440
Receiv., net	9,703,022	14,284,772
*Inventories	52,730,842	47,483,409
Prepaid expenses	6,631,388	5,333,111
Current Assets	$ 76,567,536	$ 73,853,732
#Fixed assets	43,787,337	43,779,762
Defer. charges & other assets	4,560,294	3,936,995
Props. not in use	1,412,034	1,966,580
Prop. under cap. leases	21,918,398	16,853,214
Total Assets	$ 148,245,599	$ 140,390,283

Liabilities

Notes payable	$ —	$ 4,700,000
Long-term debt, curr.	552,715	994,343
Accts. payable	40,462,484	41,278,572
Accruals	30,510,815	33,241,663
Oblig. under cap. leases, curr.	1,085,170	1,042,730
Curr. Liabilities	$ 72,611,184	$ 81,257,308
Long-term debt	8,034,005	5,386,720
Oblig. under cap. leases	25,618,239	20,368,366
Est. lease oblig.	1,067,500	1,582,000
Est. self-insurance	8,460,000	7,333,000
Other liab.	2,319,505	1,665,880
+ Common stock	3,013,942	3,013,942
Add. paid-in capital	7,937,207	7,937,207
Retained earnings	20,693,519	13,355,362
Treasury stock	(1,509,502)	(1,509,502)
Total Liabilities & Shareholders' Equity	$ 148,245,599	$ 140,390,283

* At lower of cost (LIFO; perishables at average cost) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.74	—
%Net Income to Sales	0.50	—
%Net Income to Equity	16.45	—
Sales to Inventories	18.72	21.61
Debt to Equity	1.17	1.43
Working Capital	$ 3,956,352	—
Current Ratio	1.05	—
Shareholders' Equity	$30,135,166	$22,797,009

Brown Group, Inc.

8400 Maryland Avenue
P.O. Box 29
St. Louis, Missouri 63166
(314) 854-4000

Officers: B.A. Bridgewater, Jr., chairman of the board, president & chief executive officer; Harry E. Rich, sr. v.p. & chief financial officer; Erik R. Risman, sr. v.p.-specialty retailing; John B. Biggs, Jr., v.p.-personnel & administration; Hiram S. Liggett, Jr., J.J. Cramer, v.p.'s; Robert D. Pickle, v.p., corp. secretary & general counsel; William S. Frederick, v.p. & controller; Andrew M. Rosen, treasurer.

Directors: W.L. Hadley Griffin*, John J. Cardwell, Edward L. O'Neill, Warren McK. Shapleigh*, Monte E. Shomaker, Richard W. Shomaker*, Armand C. Stalnaker*, B.A. Bridgewater, Jr.*, Daniel R. Toll, William E. Maritz, Harry E. Rich*.

* Member of the Executive Committee.

Business Activities: Manufactures, markets and retails brand-name, nationally advertised women's, men's and children's footwear. Also operates leased retail shoe departments in department stores and company-owned shoe stores, retail fabric stores and a chain of specialty apparel shops and family fashion stores.

Divisions:

Footwear

Brown Shoe Company
8300 Maryland Avenue
St. Louis, Missouri 63105
Manufactures and distributes footwear.

Brown Shoe Co. of Canada, Ltd.
1857 Rogers Road
Perth, Ontario, Canada K7H 3E3
Manufactures and distributes footwear.

Wohl Shoe Company
8350 Maryland Avenue
St. Louis, Missouri 63105
Operates leased shoe departments and shoe stores.

Regal Shoe Shops
8400 Maryland Avenue
St. Louis, Missouri 63105
Operates leased shoe departments and shoe stores.

Arnold Dunn, Inc.
Imports women's better grade footwear.

Specialty Retailing

Cloth World
St. Louis, Missouri
Operates retail fabric stores.

Meis Family Fashion Stores
624 Wabash Avenue
Terre Haute, Indiana 47808
Operates family fashion stores.

Linen Center
St. Louis, Missouri
Stores featuring off-price branded merchandise for the bath and bedroom.

Brown Group, Inc.

Peck's Menswear Center
Retail shops selling off-price men's apparel.

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

Centerre Trust Company of St. Louis
510 Locust Street
St. Louis, Missouri 63101

Stock Exchange(s): New York, Midwest

Ticker Symbol: BG

Number of Stores: (at fiscal year end)

1985	N.A.	1982	2,531
1984	2,278	1981	2,247
1983	2,987		

N.A. - Not Available.

Sales and Earnings

	Net Sales + (000's)	Net Income
1985	$ 1,400,077	$ 37,814,[illegible]0
1984*	1,436,253	54,063,000
1983	1,354,780	67,199,000
1982	1,246,033	59,590,000
1981	1,170,124	55,120,000

	No. of Com. Shares ‡	Earn. per Share ‡
1985	19,778,000	$ 1.91
1984*	20,419,000	2.65
1983	21,020,000	3.20
1982	21,464,000	2.78
1981	21,826,000	2.53

* 53 weeks.
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1985	1984
Footwear	$ 1,074,253	$ 1,127,544
Specialty retailing	325,824	308,709
Total	$ 1,400,077	$ 1,436,253

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$1.36	—	—
1984	1.28	—	—
1983	1.04	—	2-for-1
1982	0.88	—	—
1981	0.75	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1985	$ 376,945,000	$ 19.72
1984	400,211,000	19.81
1983	389,821,000	18.81
1982	364,457,000	17.28
1981	336,944,000	15.50

+ Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	11/2/85	11/3/84 (53 weeks)
Net sales	$ 1,400,077	$ 1,436,253
Cost of sales	809,050	838,321
Expenses	499,967	493,149
Interest expense	7,695	10,514
Sundry income	(4,905)	(4,103)
Income before taxes	$ 88,270	$ 98,372
Income taxes	39,499	44,666
Inc. - cont. oper.	$ 48,771	$ 53,706
Inc. (loss)-discont. oper.	(10,957)	357
Net Income	$ 37,814	$ 54,063

* Included in Costs and Expenses, Depreciation and Amortization: $24,299,000 in 1985 and $21,936,000 in 1984.

Assets
(000's)

As of	11/2/85	11/3/84
Cash & cash invest.	$ 25,943	$ 4,157
Accts. receiv., net	126,704	126,077
*Inventories	308,949	308,627
Prepaid exp. & other assets	17,916	19,248
Assets of discont. oper.	—	54,667
Current Assets	$ 479,512	$ 512,776
Assets of discont. oper.	—	11,252
#Fixed assets	126,5[illegible]	136,812
Other assets	2[illegible]	16,708
Total Assets	$ 635,317	$ 677,548

Liabilities
(000's)

Notes payable	$ —	$ 55,000
Long-term debt, curr.	1,133	1,230
Accts. payable	95,504	68,820
Accruals	30,819	28,735
Employee compensation & benefits	38,865	34,658
Income taxes	9,985	2,990
Curr. Liabilities	$ 176,306	$ 191,433
Long-term debt & cap. leases	59,798	63,185
Deferred comp. plans	16,335	14,658
Deferred inc. taxes	5,933	8,061
+Common stock	71,677	75,748
Add. paid-in capital	18,568	19,217
Retained earnings	288,947	306,778
Cum. trans. adjust.	(2,247)	(1,532)
Total Liabilities & Shareholders' Equity	$ 635,317	$ 677,548

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $3.75 par value.

Statistical Summary

% Net Income to Equity	10.03	13.51
Sales to Inventories	4.53	4.65
Debt to Equity	0.16	0.30
Working Capital	$303,206,000	$321,343,000
Current Ratio	2.72	2.68
Shareholders' Equity	$376,945,000	$400,211,000

Bruno's, Inc.

2620 West 13th Street
Birmingham, Alabama 35208
(205) 785-9400

Officers: Angelo J. Bruno, chairman of the board, chief exec. officer & president; Lee J. Bruno, vice chairman & sr. v.p.; Ronald G. Bruno, exec. v.p. & chief operating officer; Glenn J. Griffin, v.p.-finance, secretary & treasurer; Paschal P. Vacca, v.p.-counsel; Paul F. Garrison, v.p.-store operations.

Directors: Angelo J. Bruno, Lee J. Bruno, James C. Baldone, Paul F. Garrison, Richard Cohn, Paschal P. Vacca, Ronald G. Bruno, Judy M. Merritt, Benny M. Larussa, Jr.

Business Activities: Operates supermarkets and combination food and drug stores under the names "Consumer Warehouse Foods," "Bruno's Food Store", "Bruno's Food & Pharmacy," "Foodmax" and "Food World," principally in Alabama.

Transfer Agent(s):

AmSouth Bank
P.O. Box 11426
Birmingham, Alabama 35202

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BRNO (NASDAQ)

Number of Stores: (at fiscal year end)

1985	94	1982	72
1984	78	1981	69
1983	68		

Sales and Earnings

	Net Sales +	Net Income
1985	$ 886,748,000	$ 24,552,000
1984	715,761,000	18,845,000
1983	605,156,000	15,153,000
1982	549,297,000	12,392,000
1981	488,294,000	10,968,000

	No. of Com. Shares ‡	Earn. per Share ‡
1985	35,737,040	$ 0.69
1984	35,602,252	0.53
1983	33,718,878	0.45
1982	32,958,156	0.38
1981	33,958,980	0.27

+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1985	$0.14	—	2-for-1
1984	0.12	—	—
1983	0.10	—	2-for 1
1982	0.08	—	—
1981	0.075	—	2-for-1

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 153,009,000	$ 4.28
1984	84,101,000	2.36
1983	69,469,000	2.06
1982	40,818,000	1.24
1981	31,041,000	0.91

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account

Year ended	6/29/85	6/30/84
Net sales	$ 886,748,000	$ 715,761,000
Cost of sales	707,379,000	573,537,000
Expenses	127,489,000	103,224,000
Depreciation & amortization	9,357,000	7,421,000
Interest expense	1,557,000	1,598,000
Interest income	(2,826,00)	(3,514,000)
Income before taxes	$ 43,792,000	$ 33,495,000
Income taxes	19,240,000	14,650,000
Net Income	$ 24,552,000	$ 18,845,000

Assets

As of	6/29/85	6/30/84
Cash & temp. cash invest.	$ 70,804,000	$ 38,548,000
Accts. receiv., net	5,913,000	2,447,000
*Inventories	48,396,000	35,572,000
Prepaid expenses	2,218,000	2,435,000

Current Assets	$ 127,331,000	$ 79,002,000
#Fixed assets	107,998,000	78,849,000
Other assets & defer. charges	1,323,000	1,266,000
Total Assets	$ 236,652,000	$ 159,117,000

Liabilities

Long-term debt & cap. lease oblig., curr.	$ 1,946,000	$ 1,552,000
Accts. payable	41,727,000	40,385,000
Income taxes	1,477,000	2,391,000
Accruals	13,294,000	9,051,000
Curr. Liabilities	$ 58,444,000	$ 53,379,000
Long-term debt	7,192,000	6,988,000
Cap. lease oblig.	7,982,000	7,371,000
Deferred compensation	3,661,000	3,145,000
Deferred inc. taxes	6,364,000	4,133,000
+ Common stock	394,000	460,000
Add. paid-in capital	69,868,000	20,470,000
Retained earnings	82,747,000	64,820,000
Treasury stock	—	(1,649,000)
Total Liabilities & Shareholders' Equity	$ 236,652,000	$ 159,117,000

* At LIFO cost, which is not in excess of market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.94	4.68
%Net Income to Sales	2.77	2.63
%Net Income to Equity	16.05	22.41
Sales to Inventories	18.32	20.12
Debt to Equity	0.11	0.19
Working Capital	$ 68,887,000	$25,623,000
Current Ratio	2.18	1.48
Shareholders' Equity	$153,009,000	$84,101,000

Canada Safeway Limited

313 Pacific Avenue
Winnipeg, Manitoba, Canada
(204) 943-7371

Officers: Robert H. Kinnie, chairman, president and chief executive officer; A.R. Paton, v.p. and treasurer; Richard H. Parkyn, vice president; John Jope, v.p.-Winnipeg; Donald M. Monk, v.p.-Vancouver; Bruce S. Nicoll, v.p.-Vancouver; Henry R. Rempel, v.p.-Edmonton; R.J. Hansell, secretary.

Directors: R.J. Hansell, R.F. Hendy, D.E. Jones, R.H. Kinnie, R.H. Parkyn, John Jope, Bruce S. Nicoll, Henry R. Rempel, John Whyte.

Business Activities: Operates a chain of 258 supermarkets in Canada.

Subsidiaries:

Lucerne Foods Ltd.
Macdonalds Consolidated Limited
Express Foods Ltd.
Canada Safeway International Finance Corp. (United States)
Safeway International Finance Barbados

Transfer Agent(s):

The Royal Trust Company
Winnipeg, Montreal, Toronto, Vancouver and Calgary, Canada

Stock Exchange(s): Toronto, Montreal

Ticker Symbol: CNS

Number of Stores: (at fiscal year end)

1985	258	1982	322
1984	326	1981	315
1983	331		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1985	$ 3,489,488	$ 63,100
1984	3,757,449	66,219
1983	3,437,683	77,353
1982	3,300,252	68,539
1981	3,006,302	72,583

	No. of Com. Shares	Earn. per Share
1985	280,000	$ 225.15
1984	280,000	236.28
1983	280,000	276.03
1982	280,000	244.54
1981	280,000	258.95

Common Stock Equity

	Total Equity ‡	Equity Per Share
1985	$ 643,761,000	$ 2,299.15
1984	681,847,000	2,435.17
1983	638,898,000	2,281.78
1982	590,764,000	2,109.87
1981	547,894,000	1,956.76

‡ After allowing for preferred stock at par value.

Income Account *
(000's)

Year ended	12/28/85	12/29/84
Net sales	$ 3,489,488	$ 3,547,449
Cost of sales	2,716,905	2,779,815
Expenses	667,966	664,421
Interest expense	27,353	31,917
Interest income	(16,969)	(22,817)
Eq. in earn. of affil.	—	(3,939)
Div. from affil. co.	(3,617)	(6,913)
Other income	(6,264)	(297)
Income before taxes	$ 104,114	$ 105,262
Income taxes	41,014	39,043
Net Income	$ 63,100	$ 66,219

* Included in Costs and Expenses, Depreciation and Amortization: $58,337,000 in 1985 and $52,535,000 in 1984.

Assets
(000's)

As of	12/28/85	12/29/84
Cash	$ 134,774	$ 24,212
Notes receivable	7,716	15,733
Receivables	25,779	25,129
*Inventories	366,710	367,011
Prepaid expenses	3,960	6,615
Current Assets	$ 538,939	$ 438,700
#Fixed assets	427,990	466,325
Notes receiv.	—	114,723
Investment	37,988	99,852
Other assets	4,562	4,300
Total Assets	$ 1,009,479	$ 1,123,900

Liabilities
(000's)

Bank overdraft	$ 14,929	$ 21,457
Cap. lease oblig., curr.	3,228	4,142
Notes payable, curr.	2,649	1,259
Accts. payable & accruals	192,296	179,352
Income taxes	5,116	1,539
Due to affil. cos.	12,370	8,519
Curr. Liabilities	$ 230,588	$ 207,749
Long-term notes pay.	75,024	52,813
Notes payable	—	99,455
Cap. lease oblig.	54,723	75,104
Deferred inc. taxes	4,169	5,523
+ Preferred stock	1,214	1,409
+ + Common stock	2,800	2,800
Cum. trans. adjust.	4,265	(862)
Retained earnings	636,696	679,909
Total Liabilities & Shareholders' Equity	$ 1,009,479	$ 1,123,900

* At lower of cost or replacement value, determined by the FIFO and retail inventory methods.
# Less accumulated depreciation and amortization.
+ $100 par value, 4.4% cumulative.
+ + $10 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.98	2.97
%Net Income to Sales	1.81	1.87
%Net Income to Equity	9.78	9.69
Sales to Inventories	9.52	9.67
Debt to Equity	0.21	0.34
Working Capital	$308,351,000	$230,951,000
Current Ratio	2.34	2.07
Shareholders' Equity	$644,975,000	$683,256,000

Canadian Tire Corporation, Limited

2180 Yonge Street
P.O. Box 770, Station K
Toronto, Ontario, Canada M4P 2V8
(416) 480-3000

Officers: H.L. Macaulay, chairman of the board & chief exec. officer; D. Groussman, president & chief executive officer; S.J. Bochen, v.p.-distribution; B. Setnor, v.p.-marketing; J.A. Gabriel, corp. controller; D.A. Hicks, v.p.-real estate & construction; W.H. Hicks, v.p.-personnel; R. Law, secretary and general counsel; A.B. Malcolm, v.p.-petroleum marketing; F.Y. Sasaki, v.p.-finance and treasurer; V.H. Mikkelsen, v.p.-management information services; C.D. Smith, asst. treasurer.

Directors: M. Gardiner-Billes, A.W. Billes, D.G. Billes, Pierre Cote, Hugh L. Macaulay, Derwyn Phillips, Selby J. Sinclair, Bruce A. Sully, A.J. Billes, Steve W. Grech, Dean Groussman, Lynne Hall, Maureen J. Sabia.

Business Activities: Operates gas stations and tire and auto accessory retail outlets in Canada.

Divisions and Subsidiaries:

Canadian Tire Acceptance Limited
176 King Street
Welland, Ontario L3B 5S3

Cantire Products Limited
35 Fieldway Road
Toronto, Ontario M8Z 3L4

White Stores, Inc.
Wichita Falls, Texas

Operates retail automotive parts and accessories stores, principally in Texas and through its dealer division includes 400 dealer-owned stores in the Southwestern United States.

Cantire (Far East) Limited

Transfer Agent(s):

Montreal Trust Company of Canada
Toronto, Halifax, Vancouver, Montreal and Calgary

Stock Exchange(s): Montreal, Toronto

Ticker Symbol: CTR

Number of Stores: (at fiscal year end)

	Associate Stores	Gasoline Stations
1985	396	115
1984	384	109
1983	375	99
1982	365	91
1981*	348	76

* Excluding White Stores, Inc.

Sales and Earnings
(000's)

	Gross Operating Revenues	Net Income ‡
1985	$ 2,077,742	$ (101,662)
1984	1,877,707	28,672

1983	1,701,585	49,395
1982	1,601,661	58,640
1981	1,340,764	53,678

	No. of Com. Shares #	Earn. per Share ‡#
1985	84,085,317	$ —
1984	80,928,991	0.35
1983	74,648,562	0.66
1982	72,341,745	0.81
1981	69,891,228	0.77

(Loss)

‡ Including extraordinary gains of $668,000 in 1984, $1,595,000 ($0.02 per share) in 1983, $1,973,000 ($0.03 per share) in 1982, $2,212,000 ($0.03 per share) in 1981 and extraordinary loss of $142,492 in 1985.

Based on the weighted average number of class A and common shares outstanding adjusted to reflect stock dividend and stock split.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1985	$0.20	—	—
1984	0.20	—	—
1983	0.20	—	5-for-1
1982	0.17	10%	—
1981	0.14	—	—

Adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 501,324,000	$ 5.88
1984	588,479,000	7.20
1983	554,116,000	6.96
1982	447,314,000	6.13
1981	386,872,000	5.46

‡ Adjusted to reflect stock dividend and stock split.

Income Account
(000's)

Year ended Dec. 31	1985	1984
Gross oper. rev.	$ 2,077,742	$ 1,877,707
Cost of sales & expenses	1,860,745	1,685,152
Depreciation & amortization	22,889	21,839
Prof. sh. plan	11,595	10,187
Interest expense	40,896	40,107
Other income	(20,722)	(22,058)
Income before taxes	$ 162,339	$ 142,480
Income taxes	68,491	59,477
Non-consol. subsid.	53,018	54,999
Net Income	$ 40,830	$ 28,004
Extraord. items	(142,492)	668
Net Income (Loss) & extraord. items	$ (101,662)	$ 28,672

Assets
(000's)

As of Dec. 31	1985	1984
Cash	$ 122,639	$ 5,240
Accts. & loans receiv., net	130,000	128,621
*Inventories	300,150	293,506
Prepaid expenses	3,491	3,017
Acceptance company	272,564	221,240
Current Assets	$ 828,844	$ 651,624
Investments	16,166	183,484
#Fixed assets	364,468	351,699
Other assets	6,670	4,918
Deferred inc. taxes	14	—
Total Assets	$ 1,216,162	$ 1,191,725

Liabilities
(000's)

Bank indebtedness	$ 13,360	$ 22,907
Loans payable	2,349	2,564
Accts. payable	189,741	152,280
Dividends payable	4,308	4,136
Accruals	97,949	86,287
Inc. taxes payable	13,225	7,084
Long-term debt, curr	7,122	4,705
Non-consol. subsid.	30,888	—
Acceptance corp.	140,045	103,308
Curr. Liabilities	$ 499,007	$ 383,271
Long-term debt	215,831	215,181
Deferred inc. taxes	—	4,794
+ Class A Non-voting Shares	232,514	201,583
+ Common Shares	179	179
For. curr. trans. adj.	711	118
Retained earnings	267,920	386,599
Total Liabilities & Shareholders' Equity	$ 1,216,162	$ 1,191,725

* At lower of cost (FIFO) or estimated net realizable value.
# Less accumulated depreciation and amortization
+ No par value.

Statistical Summary

%Income bef. Taxes to Gross Oper. Rev.	7.81	7.59
%Net Income to Gross Oper. Rev.	1.97	1.49
%Net Income to Equity	8.14	4.76
Debt to Equity	0.48	0.42
Working Capital	$329,837,000	$268,353,000
Current Ratio	1.66	1.70
Shareholders' Equity	$501,324,000	$588,479,000

Carlyle & Co. Jewelers

(formerly Jewel Box Stores Corporation)

4615 Dundas Drive
Greensboro, North Carolina 27407
(919) 294-2450

Officers: Lawrence M. Cohen, chairman of the board, president & chief executive officer; Hargrove Bowles, Jr., vice chairman of the board; Martin M. Bernstein, exec. v.p.-corp. devel.; Richard I. Backer, exec.v.p.-store operations; Russell L. Cohen, v.p.-marketing; Randy L. Zentmire, v.p.-finance, treasurer, chief financial officer & asst. secretary; George E. Norman, Jr., v.p.; Louis Green, v.p. & secretary; Ann I. Cranford, asst. v.p.-store operations; Reuben E. Mercer, asst. v.p.-credit & collections; William E. Thunberg, Sr., v.p.-regional vice president; John K. Cohen, v.p.; Sidney J. Stern, Jr., Sidney J. Stern, III, asst. secretaries; Robert H. Jessup, sr., asst. v.p. & controller.

Directors: Richard I. Backer*, Martin M. Bernstein*, Hargrove Bowles, Jr.*, Lawrence M. Cohen*, Louis Green, George E. Norman, Jr.*, Russell L. Cohen, Robert O. Klepfer, Jr.

* Member of the Executive Committee.

Business Activities: Operates jewelry stores in the East and Texas.

Transfer Agent(s):

First Citizens Bank
Raleigh, North Carolina

Number of Stores: (at fiscal year end)

1986	75	1983	93
1985	76	1982	95
1984	82		

Sales and Earnings

	Net Sales	Net Income
1986	$ 51,928,000	$ 1,488,000
1985	51,987,000	1,452,000
1984	46,261,000	655,000
1983	37,767,000	(505,000)
1982	37,080,000	(118,000)

	No. of Com. Shares	Earn. per Share #
1986	1,392,000	$ 1.07
1985	1,392,000	1.04
1984	1,392,000	0.47
1983	1,392,000	—
1982	1,392,000	—

(Loss)

Based on the weighted average number of shares outstanding

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 14,071,000	$ 10.11
1985	12,583,000	9.04
1984	11,131,000	8.00
1983	10,476,000	7.53
1982	10,981,000	7.89

Income Account *

Year ended March 31	1986	1985
Net sales	$ 51,927,965	$ 51,987,208
Cost of sales	29,356,898	30,042,749
Expenses	19,699,441	18,648,118
Interest expense	505,466	547,397
Other income	(472,897)	(121,240)
Income bef. taxes	$ 2,839,057	$ 2,870,184
Income taxes	1,351,000	1,418,000
Net Income	$ 1,488,057	$ 1,452,184

* Included in Costs and Expenses, Depreciation and Amortization: $683,355 in 1986 and $672,054 in 1985.

Assets

As of March 31	1986	1985
Cash	$ 1,060,346	$ 1,183,788
Accts. & notes receiv., net	10,785,680	10,421,369
*Inventories	11,040,997	9,123,499
Prepaid expenses	210,635	226,349
Current Assets	$ 23,097,658	$ 20,955,005
#Fixed assets	3,711,124	2,636,236
Other assets	251,918	129,542
Total Assets	$ 27,060,700	$ 23,720,783

Liabilities

Long-term debt, curr.	$ 521,964	$ 435,000
Accts. payable	3,157,594	2,799,703
Accruals	1,421,366	1,391,689
Accrued payroll	1,301,957	1,315,026
Deferred income taxes	2,394,000	1,718,000
Income taxes	202,428	153,174
Curr. Liabilities	$ 8,999,309	$ 7,812,592
Long-term debt	3,620,143	3,325,000
Deferred income tax	370,000	—
+ Common stock:		
Class A	187,868	187,868
Class B	1,203,675	1,203,675
Add. paid-in capital	2,001,131	2,001,131
Retained earnings	10,678,574	9,190,517
Total Liabilities & Shareholders' Equity	$ 27,060,700	$ 23,720,783

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.47	5.52
%Net Income to Sales	2.87	2.79
%Net Income to Equity	10.58	11.54
Sales to Inventories	4.70	5.70
Debt to Equity	0.52	0.30

Working Capital	$14,098,349	$13,142,413
Current Ratio	2.57	2.68
Shareholders' Equity	$14,071,248	$12,583,191

Carson Pirie Scott & Company

36 South Wabash Avenue
Chicago, Illinois 60603
(312) 245-8000

Officers: Peter S. Willmott, chairman, president & chief executive officer; Robert P. Bryant, vice chairman; Carroll E. Ebert, vice chairman; Charles T. Reice, v.p.-finance & treasurer; Robert F. Doak, v.p.-corp. controller; Dennis S. Bookshester, vice chairman; Bruce Rismiller, v.p.-human resources; Kurt Gasser, president-Carson International, Inc.; Fred J. Martin, president-Dobbs International Services; Susan T. Congalton, v.p., general counsel & secretary.

Directors: Gregson L. Barker*, Robert L. Scott, III, Benjamin D. Williams, III, John C. Archibald*, William C. Musham*, J. Scott Welles*, John Dern, Jr., Carroll E. Ebert*, Peter S. Willmott*, Dennis S. Bookshester*, Robert P. Bryant*.

* Member of the Executive Committee.

Business Activities: Engaged in the department store and specialty retailing, food service and lodging, and floor covering distribution businesses.

Divisions:

Retail Group
Wholesale Floor Covering Group
Food Service & Lodging Group

All located at:
36 South Wabash Avenue
Chicago, Illinois 60603
(312) 245-8000

Subsidiaries:

Carson International Inc.
(312) 686-6182
Airport terminal concessions.

Carson Pirie Scott Insurance Services, Inc.
(312) 744-2008

CPS Credit Corporation
(312) 744-5327

CPS Whole Floor Coverings Inc.
Floor coverings distribution.

CPS Direct Marketing Inc.
Mail-order catalogs.

CPS Hotel Management Inc.

County Seat Stores, Inc.
Specialty and casual wear retailing.

Dobbs International Services Inc.

Carson Pirie Scott
Department stores.

Arcadia Shops, Inc.
Specialty retail stores.

CPS Hotel Management Services, Inc.
Hotel management.

Deliver Ease, Inc.
Food home delivery.

Ridgewell's, Inc.
Catering services.

Toddle House Restaurants, Inc.
Toddle House franchising.

Information & Communications Systems, Inc.

Dobbs Houses, Inc.
Operating airline catering kitchens, airport terminal concessions and specialty restaurants under the names of Steak'n Egg Kitchen and Toddle House.

Transfer Agent(s):

The First National Bank of Chicago
Shareholder Services Department
One First National Plaza
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest

Ticker Symbol: CRN

Number of Stores*: (at fiscal year end)

1985	20	1982	24
1984	21	1981	25
1983	24		

* Department stores only.

Sales and Earnings

	Net Sales †	Net Income
1986	$1,301,890,000	$ 18,415,000
1985	1,177,208,000	27,174,000
1984	877,263,000	15,383,000
1983	797,624,000	11,356,000
1982	769,716,000	14,497,000

	No. of Com. Shares #	Earn. per Share #
1986	9,919,000	$ 1.86
1985	9,774,000	2.78
1984	8,728,000	1.59
1983	8,148,000	1.12
1982	7,642,000	1.75

† Includes leased departments.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986 (000's)	1985 (000's)
Retail	$ 705,800	$ 593,800
Floor covering distribution	151,200	146,300
Food service & lodging	444,900	437,100
Total	$ 1,301,900	$ 1,177,200

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$0.60	—	2-for-1
1985	0.60	—	—
1984	0.60	—	—
1983	0.60	—	—
1982	0.60	—	—

# Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 211,807,000	$ 21.35
1985	194,672,000	19.92
1984	171,792,000	19.68
1983	137,594,000	16.89
1982	132,683,000	17.36

# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended	2/1/86	2/2/85
Net sales	$1,301,890,000	$1,177,208,000
Cost of sales	977,424,000	897,136,000
Expenses	298,680,000	241,515,000
Interest expense	20,805,000	23,050,000
Other income	(22,334,000)	(16,136,000)
Unusual item	—	(12,731,000)
Income before taxes	$ 27,315,000	$ 44,374,000
Income taxes	8,900,000	17,200,000
Net Income	$ 18,415,000	$ 27,174,000

* Included in Costs and Expenses, Depreciation and Amortization: $34,543,000 in 1986 and $32,983,000 in 1985.

Assets

As of	2/1/86	2/2/85
Cash	$ 2,391,000	$ 5,208,000
Receiv., net	160,569,000	142,014,000
*Inventories	143,295,000	125,768,000
Prepaid expenses	13,413,000	10,650,000
Current Assets	$ 319,668,000	$ 283,640,000
#Fixed assets	238,926,000	244,037,000
Investments & other assets	25,386,000	27,086,000
Intangibles	25,175,000	24,605,000
Total Assets	$ 609,155,000	$ 579,368,000

Liabilities

Notes payable	$ 22,500,000	$ 717,000
Long-term debt, curr.	10,891,000	4,352,000
Accts. payable	57,085,000	58,835,000
Accruals	62,116,000	58,355,000
Income taxes	19,900,000	12,200,000
Deferred inc. taxes	21,300,000	20,200,000
Curr. Liabilities	$ 193,792,000	$ 154,659,000
Long-term debt	142,225,000	202,852,000
Deferred inc. taxes	8,900,000	12,200,000
Deferred gain	37,062,000	—
Other liab.	15,369,000	14,985,000
+ Common stock	50,406,000	25,075,000
Add. paid-in capital	16,374,000	39,226,000
For. curr. trans. adjust.	(623,000)	(978,000)
Retained earnings	145,650,000	133,213,000
Treasury stock	—	(1,864,000)
Total Liabilities & Shareholders' Equity	$ 609,155,000	$ 579,368,000

* Retail inventories at LIFO cost or retail method; other inventories at lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.10	3.77
%Net Income to Sales	1.41	2.31
%Net Income to Equity	8.69	13.96
Sales to Inventories	9.09	9.36
Debt to Equity	0.83	1.07
Working Capital	$125,876,000	$128,981,000
Current Ratio	1.65	1.83
Shareholders' Equity	$211,807,000	$194,672,000

Carter Hawley Hale Stores, Inc.

550 South Flower Street
Los Angeles, California 90071
(213) 620-0150

Officers: Waldo H. Burnside, president & chief operating officer; Phillip M. Hawley, chairman of the board & chief executive officer; J. Hart Lyon, Arthur L. Crowe, exec. vice presidents; John M. Gailys, exec. v.p. and chief financial officer; Edward S. Waterbury, sr. v.p.; Edwin J. Holman, sr. v.p.; Paul E. Chevalier, E. John Caldecott, E. Harlin Smith, Arthur G. Coons, Robert J. Gilmartin, J. Scott Meyer, D. Clair Brumbaugh, Brian L. Fleming, Harry Levitt, Larry Peterson, Francis T. Phalen, Dale G. Thune, Walter W. Tuthill, v.p.'s; John F. Busey, treasurer; James L. Vandeberg, secretary & corporate counsel.

Directors: Norman Barker, Jr.*, Edward W. Carter*, Prentis C. Hale, Phillip M. Hawley*, Walter B. Gerken*, John T. Dorrance, Jr., William B. Thalhimer, Jr.*, Benjamin F. Biaggini, Walter J. Salmon, Donn B. Miller*, Robert O. Anderson, Arthur L. Crowe, Harold J. Haynes, Jean Head Sisco, Waldo H. Burnside*, William L. Brown, Samuel Frankenheim, J. Atwood Ives*, Herbert W. Jarvis, Richard A. Smith*, Robert J. Tarr, Jr.

* Member of the Executive Committee.

Business Activities: The Company is engaged primarily in the department store business. It operates general department

Carter Hawley Hale Stores, Inc.

stores under the names: The Broadway-Southern California, The Broadway-Southwest, Emporium Capwell, and Weinstock's in California, Arizona, New Mexico, Colorado, Utah and Nevada; Thalhimers, 25 department stores in Virginia, tennessee, South Carolina and North Carolina; John Wanamaker, 16 department stores in Pennsylvania, Delaware, New Jersey, and New York; and 22 Neiman-Marcus specialty department stores in Texas, Florida, Illinois, California, Nevada, Massachusetts, New York, Washington, D.C., Missouri and Georgia. Also operates Bergdorf Goodman, a specialty store in New York City, and Contempo Casuals, 133 women's sportswear mall shops in 18 states, with approximately half located in California.

Divisions and Subsidiaries:

The Broadway-Southern California
3880 North Mission Road
Los Angeles, California 90031
(213) 227-2000

The Broadway-Southwest
4000 Fiesta Mall
Mesa, Arizona 85202
(602) 263-7000

Neiman-Marcus Company
Main & Ervay
Dallas, Texas 75201
(214) 741-6911

Weinstock's
Downtown Plaza
Sacramento, California 95813
(916) 449-8888

Emporium Capwell
835 Market Street
San Francisco, California 94103
(415) 764-2222

Thalhimers
615 East Broad Street
Richmond, Virginia 23261
(804) 643-4211

John Wanamaker
1300 Market Street
Philadelphia, Pennsylvania 19101
(215) 422-4000

Bergdorf Goodman Company
754 Fifth Avenue
New York, New York 10019
(212) 753-7300

Contempo Casuals
Los Angeles, California

Transfer Agent(s):

Security Pacific National Bank
Corporate Services Division, 2-70
P.O. Box 60228, Terminal Annex
Los Angeles, California 90060

Stock Exchange(s): New York, Pacific, London

Ticker Symbol: CHH

Number of Stores: (at fiscal year end)

	Dept. Stores	Specialty Stores
1985	128	156
1984	125	127
1983	249	100
1982	232	85
1981	213	68

Sales and Earnings
(000's)

	Net Sales	Net Income
1985	$ 3,977,913	$ 48,025
1984*	3,724,294	89,670
1983	3,101,682	67,485
1982	2,590,650	49,025
1981	2,485,697	44,762

	No. of Com. Shares	Earn. per Share #
1985	19,559,000	$ 0.92
1984*	19,067,000	2.75
1983	35,341,000	1.93
1982	31,890,000	1.55
1981	28,920,000	1.55

* 53 weeks.
# Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.22	—	—
1984	1.22	—	—
1983	1.22	—	—
1982	1.22	—	—
1981	1.22	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 359,354,000	$ 18.37
1984	348,166,000	18.26
1983	751,599,000‡	21.27
1982	656,437,000‡	20.58
1981	606,453,000‡	20.97

‡ After allowing for preferred stock at involuntary liquidation preference value of $45 per share.

Income Account *
(000's)

Year Ended	2/1/86	2/2/85
Net sales	$ 3,977,913	$ 3,724,294
Cost of sales	2,850,599	2,702,055
Expenses	923,504	862,272
Interest expense	131,235	117,237
Loss on sale of Holt Renfrew	2,450	—
Cost of tender offer	—	7,100
Income before taxes	$ 70,125	$ 35,630
Income taxes	22,100	8,500
Inc.-cont. oper.	$ 48,025	$ 27,130
Inc.-discont. oper.	—	62,540
Net Income	$ 48,025	$ 89,670

* Included in Costs and Expenses, Depreciation and Amortization: $75,017,000 in 1985 and $72,278,000 in 1984.

Assets
(000's)

As of	2/1/86	2/2/85
Cash	$ 18,147	$ 22,727
Accts. receiv., net	292,785	125,524
*Inventories	776,831	717,300
Receiv. on sale of Holt Renfrew	29,682	—
Other curr. assets	41,416	39,487
Current Assets	$ 1,158,861	$ 905,038
Investments	142,916	143,864
#Fixed assets	855,494	823,569
Other assets	77,496	74,735
Total Assets	$ 2,234,767	$ 1,947,206

Liabilities
(000's)

Long-term debt & cap. lease oblig., curr.	$ 84,707	$ 50,370
Accts. payable	344,036	285,466
Accruals	158,967	134,562
Dividends payable	6,145	5,983
Income taxes	8,355	16,933
Deferred inc. taxes	114,399	99,648
Curr. Liabilities	$ 716,609	$ 592,962
Long-term debt	551,613	396,654
Cap. lease oblig.	145,940	152,006
Other liab.	57,857	55,922
Def. inc. taxes	103,394	101,496
Redeem. pref. stock	300,000	300,000
+Common stock	97,797	95,334
Add. paid-in capital	149,957	140,358
Retained earnings	111,600	112,474
Total Liabilities & Shareholders' Equity	$ 2,234,767	$ 1,947,206

* At lower of cost or market as determined by the retail method as it is determined on the LIFO basis.
# Less accumulated depreciation and amortization.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.76	—
%Net Income to Sales	1.21	—
%Net Income to Equity	13.36	25.75
Sales to Inventories	5.12	5.19
Debt to Equity	2.18	1.72
Working Capital	$442,252,000	$312,076,000
Current Ratio	1.62	1.53
Shareholders' Equity	$359,354,000	$348,166,000

Champion Products Inc.

3141 Monroe Avenue
P.O. Box 850
Rochester, New York 14603
(716) 385-3200

Officers: John J. Tanis, chairman; Roger Holland, president & chief executive officer; Harold S. Feinbloom, sr. v.p.; William T. Loftus, v.p.-engineering and research & development; Fred W. Z. Lulof, v.p.-sales & marketing; Gerald F. Norton, Jr., secretary & general counsel; Ambrose J. Paridon, v.p.-distribution & corp. services; Thomas D. Sheehy, v.p.-mfg.; John F. Hackett, treasurer.

Directors: Angelo A. Costanza, Harold S. Feinbloom*, Robert Van Buren, Sanford J. Liebschutz, John J. Tanis*, Grady W. Lewis, John M. Emery, Harold Lipson*, Roger Holland.

* Member of the Executive Committee.

Business Activities: Operates a chain of factory outlet stores located in New York, Massachusetts and Oregon. Engaged in the production, processing and distribution of athletic uniforms, physical education wear, campus wear, camp wear, and leisure wear.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
One Lincoln First Square
Rochester, New York 14643

Stock Exchange(s): American

Ticker Symbol: CH

Number of Stores: (at fiscal year end)

1985	20	1982	17
1984	20	1981	14
1983	20		

Sales and Earnings

	Net Sales	Net Income †
1985	$ 118,414,000	$ 2,363,000
1984	112,483,000	1,660,000
1983	105,897,000	1,820,000
1982	105,541,000	790,000
1981	113,939,000	2,329,000

	No. of Com. Shares	Earn. per Share †‡
1985	1,669,330	$ 1.44
1984	1,639,351	1.01
1983	1,637,521	1.08
1982	1,708,621	0.46
1981	1,730,796	1.35

† Including extraordinary gain of $213,000 ($0.13 per share) in 1984.
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.72	—	—
1984	0.72	—	—
1983	0.72	—	—
1982	0.72	—	—
1981	0.72	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 39,129,000	$ 23.44
1984	37,507,000	22.88
1983	37,007,000	22.60
1982	37,430,000	21.91
1981	38,136,000	22.03

Income Account *

Year ended Dec. 31	1985	1984
Net sales	$ 118,414,000	$ 112,483,000
Cost of sales	90,827,000	86,933,000
Expenses	23,039,000	21,887,000
Interest expense	663,000	1,315,000
Income before taxes	$ 3,885,000	$ 2,348,000
Income taxes	1,522,000	901,000
Net Income	$ 2,363,000	$ 1,447,000
Extraord. gain	—	213,000
Net Income & extraord. gain	$ 2,363,000	$ 1,660,000

* Included in Costs and Expenses, Depeciation: $1,961,000 in 1985 and $1,817,000 in 1984.

Assets

As of Dec. 31	1985	1984
Cash	$ 8,841,000	$ 5,874,000
Accts. receiv., net	14,343,000	12,275,000
*Inventories	21,948,000	24,812,000
Other assets	720,000	1,176,000
Current Assets	$ 45,852,000	$ 44,137,000
#Fixed assets	12,586,000	12,885,000
Other assets	193,000	100,000
Total Assets	$ 58,631,000	$ 57,122,000

Liabilities

	1985	1984
Long-term debt, curr.	$ 774,000	$ 1,066,000
Accts. payable	3,812,000	3,458,000
Accrued taxes	431,000	(37,000)
Accrued payroll	4,068,000	3,039,000
Obligations under capitalized leases	210,000	182,000
Other liabilities	1,831,000	2,637,000
Curr. Liabilities	$ 11,126,000	$ 10,345,000
Long-term debt	6,758,000	7,824,000
Oblig. under cap. leases	392,000	602,000
Def. inc. taxes	1,226,000	844,000
+ Common stock	1,765,000	1,745,000
Add. paid-in capital	11,946,000	11,648,000
Retained earnings	26,717,000	25,540,000
Treasury stock	(1,299,000)	(1,426,000)
Total Liabilities & Shareholders' Equity	$ 58,631,000	$ 57,122,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.28	2.09
%Net Income to Sales	2.00	1.29
%Net Income to Equity	6.04	3.86
Sales to Inventories	5.40	4.53
Debt to Equity	0.19	0.24
Working Capital	$34,726,000	$33,792,000
Current Ratio	4.12	4.27
Shareholders' Equity	$39,129,000	$37,507,000

Charming Shoppes, Inc.

450 Winks Lane
Bensalem, Pennsylvania 19020
(215) 245-9100

Officers: Morris Sidewater, president & chief executive officer; David Wachs, secretary & chairman of the board; Arthur Sidewater, Ellis Wachs, sr. exec. v.p.'s; Richard DeRose, Steven Sidewater, Samuel Sidewater, Herbert Vederman, Stephen Wolfson, Philip Wachs, exec. v.p.'s; Bernard Brodsky, v.p., treasurer & asst. secretary; Lionel Savadove, exec. v.p. & gen. counsel; Gerald Brahms, Seymour Cohen, Anthony DiCerbo, H. Richard Dollinger, Howard Edels, Manuel Ginsburg, Ben Mento, Mordechay Kafry, Ivan Szeftel, Michael Wenger, v.p.'s.

Directors: David Wachs, chairman; Morris Sidewater, Arthur Sidewater, Ellis Wachs.

Business Activities: Operates a chain of women's specialty stores specializing in the retail sale of moderately priced junior, misses and women's size sportswear, dresses, coats, lingerie and accessories, primarily under the names Fashion Bug and Fashion Bug Plus, in 26 states throughout the East, South, and Midwest.

Transfer Agent(s):
Mellon Bank (East) N.A.
Philadelphia, Pennsylvania

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CHRS (NASDAQ)

Number of Stores: (at fiscal year end)

1986	550	1983	303
1985	444	1982	258
1984	362		

Sales and Earnings

	Net Sales#	Net Income
1986	$ 393,976,000	$ 28,726,000
1985	299,262,000	20,226,000
1984	240,673,000	17,346,000
1983	176,311,000	12,117,000
1982	145,905,000	10,898,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	32,502,255	$ 0.88
1985	32,025,504	0.63
1984	31,530,231	0.55
1983	31,313,074	0.39
1982	31,260,436	0.35

# Includes other income.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.13	—	3-for-2
1985	0.12	—	3-for-2
1984	0.11	—	—
1983	0.10	—	4-for-3
1982	0.09	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 115,487,000	$ 3.55
1985	89,168,000	2.78
1984	71,980,000	2.28
1983	55,597,000	1.78
1982	46,284,000	1.48

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

	2/1/86	2/2/85
Net sales	$ 391,630,000	$ 297,321,000
Cost of sales	256,083,000	193,832,000
Expenses	84,883,000	69,389,000
Other income	(2,346,000)	(1,941,000)
Income before taxes	$ 53,010,000	$ 36,041,000
Income taxes	24,284,000	15,815,000
Net Income	$ 28,726,000	$ 20,226,000

* Included in Costs and Expenses, Depreciation and Amortization $5,966,000 in 1986 and $4,300,000 in 1985.

Assets

As of	2/1/86	2/2/85
Cash and cert. of deposit	$ 45,033,000	$ 2,048,000
*Inventories	56,507,000	62,576,000
Other assets	11,426,000	9,477,000
Current Assets	$ 112,966,000	$ 74,101,000
#Fixed assets	61,738,000	46,691,000
Long-term invest.	7,869,000	8,110,000
Total Assets	$ 182,573,000	$ 128,902,000

Liabilities

	2/1/86	2/2/85
Long-term debt, curr.	$ 996,000	$ 1,176,000
Accts. payable	32,647,000	16,506,000
Accruals	14,903,000	8,704,000
Income taxes	5,488,000	3,722,000
Current Liabilities	$ 54,034,000	$ 30,108,000
Long-term debt	2,980,000	3,350,000
Deferred taxes	10,072,000	6,276,000
+ Common stock	3,318,000	2,155,000
Class B Common stock	—	27,000
Add. paid-in capital	11,443,000	8,968,000
Retained earnings	105,093,000	80,783,000
Deferred employee compensations	(3,252,000)	(1,528,000)
Notes receivable	(1,115,000)	(1,237,000)
Total Liabilities & Shareholders' Equity	$ 182,573,000	$ 128,902,000

* At lower of cost or market; by the retail method (FIFO).
# Less accumulated depreciation & amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.54	12.12
%Net Income to Sales	7.33	6.80
%Net Income to Equity	24.87	22.68
Sales to Inventories	6.93	4.75
Debt to Equity	0.03	0.05
Working Capital	$ 58,932,000	$43,993,000
Current Ratio	2.09	2.46
Shareholders' Equity	$115,487,000	$89,168,000

The Cherokee Group

12544 Saticoy Street
North Hollywood, California 91605
(213) 875-1002

Officers: James P. Argyropoulos, chairman of the board & chief exec. officer; Robert Margolis, president & chief operating officer; Arthur P. Argyris, v.p.-manufacturing, shoes; Terrance J. Smith, chief financial officer; Jay L. Kester, exec. v.p.; Ira J. Smith, v.p.-production, Cherokee Apparel; Gloria G. Goldberg Teague, v.p.-marketing/merchandising; Joe Gaspers, president-licensing.

Directors: James P. Argyropoulos, chairman; Robert Margolis, Arthur P. Argyris, Norman L. Cowgill, Peter D. Tamny, Edwin W. Steidle, Cary D. Cooper.

Business Activities: Operates seven retail stores and two outlet stores, all but one in the Greater Los Angeles area. Ninety-five percent of the merchandise sold is manufactured by the Company, and is comprised mainly of women's apparel and footwear.

Divisions:

Apparel Division
Shoe Division
Licensing Division
Retail Division

Subsidiaries:

Cherokee Apparel Corporation
Cherokee Trading Corporation
Cherokee World Wide Corporation

Transfer Agent(s):

City National Bank
Beverly Hills, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CHKE

Number of Stores: (at fiscal year end)

1985	9

Sales and Earnings

	Net Sales	Net Income †
1985	$ 83,634,000	$ 4,269,000
1984	72,413,000	3,059,000
1983	48,299,000	1,676,000
1982	37,409,000	882,000
1981	33,970,000	685,000

	No. of Com. Shares ‡	Earn. per Share †‡
1985	2,843,523	$ 1.50
1984	2,847,115	1.07
1983	2,007,038	0.84
1982	2,007,038	0.44
1981	2,007,038	0.34

† Including extraordinary gain of $323,000 ($0.11 per share) in 1984.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 19,163,000	$ 3.22
1984	15,354,000	5.39
1983	4,959,000	2.47
1982	3,283,000	1.64
1981	2,454,000	1.22

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended	11/30/85	12/1/84
Net sales	$ 83,634	$ 72,413
Cost of sales	53,882	47,343
Expenses	19,567	18,318
Factoring commission & int. exp.	1,541	1,579
Other expenses	122	53
Income before taxes	$ 8,522	$ 5,120
Income taxes	4,253	2,384
Net Income	$ 4,269	$ 2,736
Extraord. gain	—	323
Net Income & extraord. gain	$ 4,269	$ 3,059

* Included in Costs and Expenses, Depreciation and Amortization: $909,000 in 1985 and $720,000 in 1984.

Assets
(000's)

As of	11/30/85	12/1/84
Cash	$ 1,246	$ 716
Accts. receiv., net	18,315	19,485
*Inventories	14,148	13,551
Net invest. - direct fin. lease	278	248
Prepaid expenses	854	243
Current Assets	$ 34,841	$ 34,243
#Fixed assets	2,253	2,244
Net invest. - direct fin. lease	1,050	1,327
Other assets	466	609
Other investments	331	360
Intangibles	2,044	2,091
Total Assets	$ 40,985	$ 40,874

Liabilities
(000's)

Bank loans	$ 9,916	$ 13,328
Long-term debt, curr.	410	552
Accts. payable & accruals	6,285	6,016
Income taxes	345	353
Due to stockholders	—	18
Curr. Liabilities	$ 16,956	$ 20,267
Long-term debt	1,669	2,090
Deferred inc. taxes	3,197	3,163
+Common stock	7,446	7,706
Retained earnings	11,917	7,648
Deferred compensation	(200)	—
Total Liabilities & Shareholders' Equity	$ 40,985	$ 40,874

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	10.19	7.07
%Net Income to Sales	5.10	3.78
%Net Income to Equity	22.28	17.82
Sales to Inventories	5.91	5.34
Debt to Equity	0.63	1.04
Working Capital	$17,885,000	$13,976,000
Current Ratio	2.05	1.69
Shareholders' Equity	$19,163,000	$15,354,000

Chesebrough-Pond's Inc.

Westport, Connecticut 06881-0851
(203) 222-3000

Officers: Ralph E. Ward, chairman of the board & chief exec. officer; Robert M. Phillips, president & chief operating officer; Donald G. Wiesen, vice chairman & chief financial officer; George F. Goebeler, president & chief operating officer-Consumer Products Group; Richard P. Scheifele, vice chairman; E.C. Galloway, exec. v.p.; Robert H. Mann, sr. vp., secretary & general counsel; Anthony J. Butterworth, v.p. & president-International Division, Consumer Products Group; Richard H. Bourett, v.p. & president-Bass Division; Edward I. Rabin, v.p. & president-Prince Matchabelli Division; Charles B. Strauss, v.p. & president-Packaged Foods Division; Gary N. Malloch, v.p. & president-Health & Beauty Products Division; Robert E. Karlson, v.p. & president-Hospital Products Division; John M. Sullivan, v.p. & president-Prince Division; Robert E. Crow, v.p. & president-Basic Chemicals Division; Carl R. Garr, v.p. & president-Polymer Division; Conrad S. Kent, v.p. & president-Specialty & Food Products Division; Joseph P. Monteleone, v.p. & president-International Division, Chemical Products Group; Milan J. Turk, v.p. & president-Agricultural Products Division; Melvin I. Davis, Edward C. Hughes, Kenneth R. Lightcap, George J. Luby, Theodore C. Mullins, Stephen R. Walls, Richard I. Mateles, William H. Schmitt, v.p.'s; Richard J. Rolzhausen, v.p. & treasurer; Rocco Balestriere, controller.

Directors: Ralph E. Ward, chairman; Robert A. Breakstone, George F. Goebeler, Robert H. Mann, Jane C. Pfeiffer, Donald G. Wiesen, Frank L. Stamberg, James D. Farley, Donald F. McCullough, Walter E. Hanson, Ralph E. Bailey, Thomas A. Holmes, Richard P. Scheifle, Charles J. Chapman, Jr.

Business Activities: Manufactures and markets consumer products, including cosmetics, medicinals, toiletries, fragrances, specialty foods, health care products, tennis apparel, and casual footwear. The Bass Division, through The Shoe Box, Inc. chain of retail stores in Texas, sells casual and fashion footwear.

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York, London, Paris

Ticker Symbol: CBM

Sales and Earnings

	Net Sales	Net Income
1985	$2,699,498,000	$ 82,174,000
1984	1,522,148,000	119,529,000
1983	1,385,128,000	127,878,000
1982	1,342,421,000	125,265,000
1981	1,308,128,000	117,421,000

	No. of Com. Shares †	Earn. per Share †
1985	34,997,000	$ 2.35
1984	35,132,000	3.40
1983	35,768,000	3.58
1982	35,196,000	3.56
1981	34,513,000	3.40

† Based on the weighted average number of shares.

Revenues By Line of Business

	1985	1984
Health beauty prod.	$ 332,273,000	$ 304,277,000
Packaged foods	349,878,000	347,511,000
Prince Matchabelli	138,411,000	139,773,000
Bass	170,462,000	172,127,000
Hospital products	84,407,000	74,608,000
International	374,184,000	365,816,000
Prince	61,945,000	65,495,000
Polymer	109,208,000	52,541,000
Total consumer prods.	$1,620,768,000	$1,522,148,000
Chemical prods. group	1,078,730,000	—
Total	$2,699,498,000	$1,522,148,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$2.00	—	—
1984	1.92	—	—
1983	1.84	—	—
1982	1.72	—	—
1981	1.52	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 678,273,000	$ 19.20
1984	625,617,000	18.30
1983	649,945,000	18.27
1982	625,082,000	17.41
1981	565,436,000	16.32

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 2,699,498	$ 1,522,148
Cost of sales	1,579,690	693,670
Expenses	902,708	645,757
Interest expense	179,056	55,070
Interest income	(34,368)	(15,068)
Gain on for. exch.	(12,256)	(3,639)
Other expense (income)	7,223	(127)
Income before taxes	$ 77,445	$ 146,485
Income taxes	12,776	57,083
Minority interest	4,319	(47)
Eq. in earn. of assoc. cos.	(7,610)	(2,898)
Inc. - cont. oper.	$ 67,960	$ 92,347
Inc. - discont. oper.	14,214	27,182
Net Income	$ 82,174	$ 119,529

* Included in Costs and Expenses. Depreciation: $118,547,000 in 1985 and $2[illegible] 748,000 in 1984.

Assets
(000's)

As of Dec. 31	1985	1984
Cash & short-term invest.	$ 69,964	$ 100,566
Accts. receiv., net	506,519	365,054
*Inventories	657,498	502,894
Prepaid expenses	59,503	37,931
Assets of businesses held for sale	50,225	—
Current Assets	$ 1,343,709	$ 1,006,445
#Fixed assets	1,024,226	329,322
Invest. & other assets	184,169	53,092
Intangibles	455,946	58,451
Total Assets	$ 3,008,050	$ 1,447,310

Liabilities
(000's)

Notes payable	$ 109,615	$ 265,952
Long-term debt	85,072	3,516
Accts. payable & accruals	505,342	208,649
Income taxes	64,084	28,810
Curr. Liabilities	$ 764,113	$ 506,927
Long-term debt	1,174,349	243,929
Deferred taxes	141,024	26,689
Other liabilities	162,998	42,984
Minority interest	87,293	1,164
+Common stock	36,180	36,180
Add. paid-in capital	92,678	96,331
Retained earnings	671,210	659,152
For. curr. trans. adj.	(88,973)	(89,892)
Treasury stock	(32,822)	(76,154)
Total Liabilities & Shareholders' Equity	$ 3,008,050	$ 1,447,310

* At lower of cost or market. Consumer products group at FIFO; chemical products group at LIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	12.12	19.11
Sales to Inventories	4.11	3.03
Debt to Equity	2.02	0.82
Working Capital	$579,596,000	$499,518,000
Current Ratio	1.76	1.99
Shareholders' Equity	$678,273,000	$625,617,000

Chromalloy American Corporation

120 South Central Avenue
St. Louis, Missouri 63105
(314) 726-9200

Officers: Norman E. Alexander, chairman of the board, president & chief executive officer; Geoffrey L. Phillips, sr. exec. v.p.; Thomas G. Barnett, exec. v.p.-finance & chief financial officer; John P. Denneen, exec. v.p., general counsel & secretary; Ernest M. Felago, v.p.-human resources; A.W. Clubb, v.p.; Del G. Meinz, v.p.-taxes; James A. Silkwood, v.p.-corporate development; John J. Quicke, v.p. & controller; Thomas J. Phelps, v.p.-business planning; Charles E. Self, treasurer.

Directors: Norman E. Alexander*, chairman; Robert Bennett, A. Leon Fergenson*, Allan Kramer, Stuart Z. Krinsly*, Geoffrey L. Phillips, Fred R. Sullivan, Millard L. Midonick.

* Member of the Executive Committee.

Product Groups, Division & Subsidiaries:

Consumer and Building Products Group
250 King Manor Drive
King of Prussia, Pennsylvania 19406

Fabrication, installation and distribution of glass and aluminum-glass building materials; distribution of glass pipe and fittings, manufacture of mirrors, manufacture of insulated glass window components, general housing materials and lumber sales, prefabricated lumber building components, millwork, and modular homebuilding components. Also produces rubber and vinyl footwear.

Textile - Apparel Group
1270 Broadway
New York, New York 10001

Production of cotton and cotton/polyester blend fabrics from raw bale cotton and polyester; dyeing and finishing cotton and synthetic materials used in the manufacture of sleeping bags, tents, outdoor cushions and similar items; dyeing and chemically processing cotton textiles for the purpose of making the material water repellent, mildew resistant and fire retardant; importing and selling greige and finished goods to various domestic textile users; designs and merchandises a complete line of men's suits, sport coats and slacks under the "Clubman", "Marx-Haas" and "Hampton Heath" labels and under retailers' private labels; women's sportswear under the Campus Casuals label and coordinated separates under the Gordon of Philadelphia label; operates 70 specialty apparel stores, located in enclosed mall shopping centers in seventeen states principally west of the Mississippi River, under the store names of K-G Men's Stores and K-G Bootery. Also operates self-service retail stores based in Texas under the names K's Thrift Centers and K's Shoe Stores, offering men's, ladies' and children's clothing and certain other household items.

Metal Tectonics Group
4430 Director Drive
San Antonio, Texas 78219

Sophisticated diffusion systems for coating metal, proprietary turbine engine component repair; specialized airfoil castings; machineable ferrous carbides; decorative finishing of coil aluminum and steel; grey, ductile, and malleable iron castings; aluminum castings and vehicular radiator cores.

Transport-Marine Company
120 South Central Avenue
St. Louis, Missouri 63105

Movement of regulated and bulk commodities by barge and tanker, urban and suburban bus transportation.

Farm and Industrial Equipment Company
Shelard Plaza
St. Louis Park, Minnesota 55426

Agricultural implements for preparing and cultivating soil, harvesting, handling crops and animal feed, tractor-attached implements; silos and related equipment, specialized truck bodies.

Petroleum Services Group
654 East North Belt
Houston, Texas 77060

Mining of barite, an essential component of drilling compounds, manufacture and sale of drilling fluids (mud) and related chemicals; engineering, designing, fabricating and installing custom-built water treatment systems for municipalities and operators of electrical and other production facilities with water control and environmental problems; manufacture and sale of oil field exploration and production equipment such as cementing tools and paraffin scrapers, hard-facing valves and seats as well as repairs to industrial control valves; repair of industrial gas compressors including manufacture and remanufacture of component parts; retail outlets are operated in principal locations in the United States to service oil drilling and production companies with a large variety of tools, welding and safety supplies, as well as proprietary products.

The Saval Group, Inc.

Operates three insurance companies.

Chromalloy Finance Corporation

Finances trade receivables from other subsidiaries, leases autos, trucks and other equipment.

The Centor Company

A real estate subsidiary holding various income-producing properties.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd street
New York, New York 10001

Mercantile Trust Company, N.A.
721 Locust Street
St. Louis, Missouri 63101

Stock Exchange(s): New York

Ticker Symbol: CRO

Number of Stores: (at fiscal year end)

1985	N.A.	1982	130
1984	142	1981	131
1983	129		

N.A. - Not Available.

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1985	$ 873,234	$ 2,172
1984	865,646	(4,628)
1983	841,296	(42,223)
1982	942,781	(42,380)
1981	1,025,037	12,613

	No. of Com. Shares #	Earn. per Share #
1985	15,261,000	$ —
1984	15,223,000	—
1983	15,145,000	—
1982	15,155,000	—
1981	14,758,000	0.57

(Loss).
+ Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1985	1984
Transportation	$ 334,073	$ 279,368
Metal fabrication	222,589	235,117
Petroleum services	193,996	215,262
Apparel	122,576	135,899
Total	$ 873,234	$ 865,646

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$ —	—	—
1984	—	—	—
1983	—	—	—
1982	0.45	—	—
1981	1.10	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1985	$ 234,036,000	$ 15.34
1984	231,193,000	15.19
1983	243,189,000	16.06
1982	289,399,000	19.10
1981	344,712,000	23.36

‡ After allowing for preferred stock at involuntary liquidation value.
† Based on the average number of common shares and common share equivalents outstanding.

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Net sales & oper. revenues	$ 873,234	$ 865,646
Cost of sales	656,353	662,022
Selling, general & admin. exp.	166,160	163,752
Operating Income	$ 50,721	$ 39,872
Interest expense	27,622	34,588
Prov. for impaired assets	9,500	—
Other income	(2,477)	(1,009)
Income before taxes	$ 11,122	$ 6,293
Income taxes	4,459	5,403
Equity in fin. serv.	4,491	2,795

Chromalloy American Corporation

	1985	1984
Inc.(loss)-cont. oper.	$ 2,172	$ (1,905)
Loss-discon.. oper.	—	(2,723)
Net Income (Loss)	$ 2,172	$ (4,628)

* Including in Costs and Expenses, Depreciation and Amortizations: $43,898,000 in 1985 and $42,954,000 in 1984.

Assets
(000's)

As of Dec. 31	1985	1984
Cash	$ 14,628	$ 25,339
Receiv., net	119,588	109,481
*Inventories	129,103	135,172
Prepaid expenses	15,064	31,054
Current Assets	$ 278,383	$ 301,046
#Fixed assets	347,052	358,296
Investments & other assets	31,560	35,024
Total Assets	$ 656,995	$ 694,366

Liabilities
(000's)

	1985	1984
Long-term debt, curr.	$ 31,697	$ 28,693
Notes payable	11,652	11,056
Accts. payable	67,344	68,970
Accruals	75,049	69,773
Curr. Liabilities	$ 185,742	$ 178,492
Long-term debt	163,523	224,655
Other deferred liabilities	40,176	22,467
+ Preferred stock	805	806
+ + Common stock	15,261	15,260
Add. paid-in capital	120,973	120,973
Retained earnings	129,655	135,536
Other	860	(3,823)
Total Liabilities & Shareholders' Equity #	$ 656,995	$ 694,366

* At lower of cost or market. Domestic inventories at LIFO; Foreign at FIFO.

# Less accumulated depreciation.

+ $1 par value, $5.00 cumulative convertible.

+ + $1 par value.

Statistical Summary

	1985	1984
%Net Income to Equity	0.81	—
Debt to Equity	0.77	0.98
Working Capital	$ 92,641,000	$122,554,000
Current Ratio	1.50	1.70
Shareholders' Equity	$267,554,000	$268,752,000

The Circle K Corporation

7th Street & McDowell
Phoenix, Arizona
(602) 253-9600

Mailing address:
P.O. Box 52084
Phoenix, Arizona 85072

Officers: Karl Eller, chairman of the board; Fred Hervey, vice chairman; Robert E. Hutchinson, president; Ray Cox, sr. v.p.-corp. affairs; Robert Reade, sr. v.p.-real estate; Bill J. Farmer, sr. v.p.-finance & treasurer; William Remmers, sr. v.p.-international operations; Charles Shoumaker, sr. v.p.-human resources; Joel Sterrett, secretary & general counsel; Larry Zine, asst. secretary.

Directors: Karl Eller, chairman; Fred T. Hervey, Herman R. Fenstermacher, Robert E. Hutchinson, Dean Guerin, William A. Franke, John P. Harbin, Carl H. Lindner, Keith E. Lindner.

Business Activities: Operates a chain of convenience food stores engaged in the retail sale of general merchandise, fast foods, groceries, tobacco products, health and beauty aids, and self-service gasoline in 23 states, located primarily in the south and west. The company also licenses 221 stores in Japan under agreement with The Uny Company.

Acquisition(s):

Shop & Go, Inc.
Mango, Florida
Operates 446 stores in Florida and Georgia.

Joint Venture:

Comprised of Circle K International, The Uny Company, (Circle K's Japanese licensee) and Li & Fung, a Hong Kong import firm; established to license Circle K store operations throughout Southeast Asia.

Transfer Agent(s):

Texas Commerce-El Paso, N.A.
El Paso, Texas

Harris Trust Company of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: CKP

Number of Stores: (at fiscal year end)

1985	2,669	1982	1,211
1984	2,185	1981	1,194
1983	1,211		

Sales and Earnings

	Net Sales ‡	Net Income
1985	$1,682,164,000	$ 33,421,000
1984	1,028,853,000	21,662,000
1983	747,844,000	15,164,000
1982	726,793,000	(15,278,000)
1981	644,457,000	14,363,000

	No. of Com. Shares #	Earn. per Share #
1985	12,097,275	$ 2.43
1984	11,298,686	1.80
1983	11,106,527	1.37
1982	10,315,561	—
1981	9,852,076	1.46

(Loss)

‡ Includes contracts operated stores.

# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.74	—	—
1984	0.74	—	—
1983	0.74	—	—
1982	0.73	—	—
1981	0.68	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 122,613,000	$ 10.14
1984	91,567,000	7.89
1983	68,474,000	6.16
1982	61,348,000	5.53
1981	70,359,000	7.14

Income Account
(000's)

Year ended April 30	1985	1984
Net sales	$ 1,682,164	$ 1,028,853
Cost of sales	1,253,151	780,853
Expenses	330,673	187,095
Depreciation	28,319	15,579
Earn. of contract oper.	3,323	3,272
Oper. profit	$ 66,698	$ 42,054
Interest income	2,197	—
Other income	11,967	6,299
Total	$ 80,862	$ 48,353
Interest expense	21,772	7,949
Income before taxes	$ 59,090	$ 40,404
Income taxes	25,669	18,742
Net Income	$ 33,421	$ 21,662

Assets
(000's)

As of April 30	1985	1984
Cash	$ 22,270	$ 16,521
Receivables, net	11,129	7,211
*Inventories	107,073	79,010
Prepaid inc. taxes	—	8,349
Prepaid expenses	3,256	1,107
Prop. held for sale	32,200	7,433
Current Assets	$ 175,928	$ 119,631
#Fixed assets	252,512	189,388
Promissory notes due from affil.	25,797	23,600
Intangibles	109,032	67,189
Other assets	16,488	12,351
Total Assets	$ 579,757	$ 412,159

Liabilities
(000's)

	1985	1984
Due to banks	$ —	$ 10,000
Long-term debt, curr.	2,930	—
Oblig. under cap. leases, curr.	3,152	2,849
Accts. payable	61,052	42,257
Accruals	29,660	33,040
Income taxes	7,378	—
Money orders sold	8,545	4,599
Due to affiliate	—	2,813
Deferred inc. taxes	2,483	2,250
Curr. Liabilities	$ 115,200	$ 99,637
Long-term debt	231,961	118,668
Oblig. under cap. leases	37,455	38,339
Other liabilities	4,371	348
Def. inc. taxes	18,157	13,600
Redeem. pref. stock	50,000	50,000
+ Common stock	12,097	11,598
Add. paid-in capital	44,655	34,654
Common stock warrants	2,300	2,300
Retained earnings	63,561	43,015
Total Liabilities & Shareholders' Equity	$ 579,757	$ 412,159

* At lower of cost (retail method) or market.

# Less accumulated depreciation and amortization.

+ $1 par value.

Statistical Summary

	1985	1984
%Income bef. Taxes to Sales	3.51	3.93
%Net Income to Sales	1.99	2.11
%Net Income to Equity	27.26	23.66
Sales to Inventories	15.71	13.02
Debt to Equity	2.25	1.75
Working Capital	$ 60,728,000	$19,994,000
Current Ratio	1.53	1.20
Shareholders' Equity	$122,613,000	$91,567,000

Circuit City Stores, Inc.

(formerly Wards Company, Inc.)

2040 Thalbro Street
Richmond, Virginia 23230
(804) 257-4292

Officers: Alan L. Wurtzel, chairman & chief executive officer; Richard L. Sharp, president & chief operating officer; William D. Rivas, Daniel M. Rexinger, exec. v.p.'s; Edward Villanueva, v.p. & treasurer; Walter Bruckart, sr. v.p.; Franklin Bell, Richard Birnbaum, William E. Oddy, William E. Zierden, James N. Gillum, Kenneth Antos, v.p.'s; Michael T. Chalifoux, controller; Gertrude M. Gibson, secretary; Frank Forlano, Sheldon Shapiro, Edward Kopf, Donald Chasen, Bernard Curlee, Thomas Hannah, asst. v.p.'s; Lawrence A. Wilson, asst. treasurer & asst. secretary.

Directors: Samuel Winokur, Edward Villanueva*, Alan L. Wurtzel*, Hyman Meyers, Theodore Nierenberg, William D. Rivas*, Robert R. Glauber, Daniel M. Rexinger*, Douglas

Drysdale. Daniel Coven, Richard N. Cooper, Richard L. Sharp*.

* Member of the Executive Committee.

Business Activities: Sells television appliances, audio and video equipment, and other consumer electronics products at 67 retail locations under the names Circuit City and Circuit City Superstore.

Transfer Agent(s):

United Virginia Bank
Richmond, Virginia

Stock Exchange(s): New York

Ticker Symbol: CC

Number of Stores: (at fiscal year end)

1986	67	1983	101
1985	93	1982	97
1984	98		

Sales and Earnings

	Net Sales ‡	Net Income
1986	$ 705,490,000	$ 22,021,000
1985	519,214,000	20,234,000
1984	356,708,000	12,009,000
1983	245,914,000	5,507,000
1982	176,169,000	2,935,000

	No. of Com. Shares +	Earn. per Share †
1986	10,945,415	$ 1.98
1985	10,860,989	1.94
1984	9,882,423	1.23
1983	8,433,567	0.62
1982	8,277,417	0.36

‡ Includes operating revenues.
+ Adjusted to reflect stock splits.
† Based on the weighted average number of common share and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.095	—	—
1985	0.075	—	—
1984	0.039	—	3-for-1
1983	0.028	—	3-for-2
1982	0.025	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	$ 111,186,000	$ 10.16
1985	88,585,000	8.16
1984	47,986,000	4.86
1983	26,215,000	3.11
1982	20,479,000	2.47

† After allowing for preferred stock at redemption value.
‡ Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Feb. 28	1986	1985
Net sales & oper. rev.	$ 705,490	$ 519,214
Cost of sales	505,691	370,765
Expenses	157,521	109,031
Interest expense	2,257	1,409
Income before taxes	$ 40,021	$ 38,009
Income taxes	18,000	17,775
Net Income	$ 22,021	$ 20,234

* Included in Costs and Expenses, Depreciation and Amortization: $5,924,000 in 1986 and $3,331,000 in 1985.

Assets
(000's)

As of Feb. 28	1986	1985
Cash	$ 5,124	$ 45,230
Accts. receiv., net	9,615	10,544
*Inventories	116,775	73,688
Other assets	4,425	1,749
Current Assets	$ 135,939	$ 131,211
#Fixed assets	83,331	43,984
Other assets	23,029	14,647
Deferred inc. taxes	1,637	1,531
Total Assets	$ 243,936	$ 191,373

Liabilities
(000's)

	1986	1985
Long-term debt, curr.	$ 2,014	$ 1,477
Accts. payable	57,209	37,016
Accruals	14,492	8,160
Accrued inc. taxes	5,605	13,432
Curr. Liabilities	$ 79,320	$ 60,085
Long-term debt	40,005	27,885
Deferred revenues	7,958	5,733
Other liabilities	4,881	1,652
Exc. of value received	—	6,843
+ Preferred stock	586	590
+ + Common stock	10,945	10,861
Add. paid-in capital	28,687	27,064
Retained earnings	71,554	50,660
Total Liabilities & Shareholders' Equity	$ 243,936	$ 191,373

* At lower of cost (average) or market.
# Less accumulated depreciation and amortization.
+ $20 par value; 16¼% cum. convert.
+ + $1 par value.

Statistical Summary

	1986	1985
%Income bef. Taxes to Sales and Rev.	5.67	7.32
%Net Income to Sales & Rev.	3.12	3.90
%Net Income to Equity	19.70	22.69
Debt to Equity	0.38	0.33
Working Capital	$ 56,619,000	$71,126,000
Current Ratio	1.71	2.18
Shareholders' Equity	$111,772,000	$89,175,000

The Clothestime, Inc.

5325 East Hunter Avenue
Anaheim, California 92807
(714) 779-5881

Officers: Michael P. DeAngelo, chief executive officer; Raymond A. DeAngelo, vice chairman of the board; John Ortega II, vice chairman of the board; William W. Mowbray, senior vice president-finance and administration; Joel T. Doti, senior vice president-store operations and personnel; Jeffrey R. Dake, vice president-real estate & construction; Roger C. Johnson, vice president-risk management.

Directors: Michael P. DeAngelo, chairman; Raymond A. DeAngelo, John Ortega II, August DeAngelo, Gordon Nielson, Edgar F. Berner, Richard L. Nelson, Harvey A. Bookstein.

Business Activities: The company operates women's apparel stores in California, Nevada, Arizona, Texas, Colorado, Louisiana, Georgia, Florida, Oregon, New Mexico and Washington. The stores offer primarily in-season, moderately priced, junior sportswear, dresses and accessories. Most of these items are sold under recognizable brand names, at substantial discounts from better department and specialty store prices.

Transfer Agent(s):

U.S. Stock Transfer Corporation
1745 Gardena Ave.
Glendale, CA 91204

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CTME (NASDAQ)

Number of Stores: (at fiscal year end)

1986	190	1985	155

Sales and Earnings

	Net Sales †	Net Income
1986	$ 126,929,000	$ 10,005,000
1985	98,247,000	3,311,000
1984	68,448,000	2,420,000
1983	46,014,000	1,134,000
1982*	26,339,000	387,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	14,206,000	$ 0.70
1985	14,048,000	0.24
1984	12,164,000	0.20
1983	11,880,000	0.10
1982*	11,520,000	0.03

* 53 weeks.
† Includes other income.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	2-for-1 & 3-for-2
1985	—	—	—
1984	—	—	5.6-for-1
1983	—	—	100-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 22,580,000	$ 1.59
1985	12,317,000	0.88
1984	8,973,000	0.74
1983	2,728,000	0.23
1982	1,594,000	0.14

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended	1/26/86	1/27/85
Net sales	$ 126,531,275	$ 98,007,870
Other income	398,243	239,104
Total Income	$ 126,929,518	$ 98,246,974
Cost of sales	70,325,458	62,743,796
Expenses	37,416,843	29,453,330
Interest expense	149,343	166,252
Income before taxes	$ 19,037,874	$ 5,883,596
Income taxes	9,033,000	2,573,000
Net Income	$ 10,004,874	$ 3,310,596

* Included in Costs and Expenses, Depreciation and Amortization: $1,457,707 in 1986 and $899,001 in 1985.

Assets

As of	1/26/86	1/27/85
Cash & short-term invest.	$ 969,257	$ 634,455
Marketable securities	2,733,137	476,213
*Inventories	12,501,163	12,093,573
Prepaid inc. taxes	1,352,264	776,726
Prepaid expenses	1,756,444	1,454,337
Current Assets	$ 19,312,265	$ 15,435,304
#Fixed assets	15,058,133	9,398,904
Other assets	122,189	168,804
Total Assets	$ 34,492,587	$ 25,003,012

The Clothestime, Inc.

Liabilities

Notes payable	$ —	$ 3,000,000
Long-term debt, curr.	164,771	247,344
Accts. payable	6,615,650	5,675,895
Accrued sales taxes	420,893	368,620
Accrued payroll	1,450,837	942,627
Other accruals	781,497	701,808
Curr. Liabilities	$ 9,433,648	$ 10,936,294
Long-term debt	197,414	808,497
Deferred inc. taxes	2,281,454	941,031
+Common stock	136,570	134,842
Add. paid-in capital	5,065,552	5,059,633
Notes receiv. from officers	(85,008)	(335,368)
Retained earnings	17,462,957	7,458,083
Total Liabilities & Shareholders' Equity	$ 34,492,587	$ 25,003,012

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	15.05	6.00
%Net Income to Sales	7.91	3.38
%Net Income to Equity	44.31	26.88
Sales to Inventories	10.12	8.10
Debt to Equity	0.02	0.33
Working Capital	$ 9,878,617	$ 4,499,055
Current Ratio	2.05	1.41
Shareholders' Equity	$22,580,071	$12,317,190

Color Tile, Inc.

515 Houston Street
Fort Worth, Texas 76102
(817) 870-9630

Officers: John A. Wilson, chairman of the board, president & chief executive officer; Barry W. Witt, v.p. & treasurer; Eddie M. Lesok, exec. v.p. & secretary.

Directors: John A. Wilson, chairman of the board; Jesse L. Upchurch, Bill Brooks, John H. McDaniel, Eddie M. Lesok, J. Roger Williams.

Business Activities: The Color Tile Supermart, Inc. subsidiary markets hard surface tiles such as ceramic, mosaic, and wood parquet tile, resilient flooring, wallpaper and paint through its retail stores throughout the U.S. The Color Your World, Inc. subsidiary sells paint and wallpaper through retail stores in the U.S. and Canada. Color Tile Manufacturing, Inc. consists of six manufacturing plants producing one-third of products sold.

Subsidiaries:

Color Tile Supermart, Inc.
Color Tile Manufacturing, Inc.
Color Your World, Inc.

Transfer Agent(s):

InterFirst Bank Fort Worth, N.A.
Post Office Box 2911
Fort Worth, Texas 76113

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TILE (NASDAQ)

Number of Stores: at fiscal year end)

1985	665	1982	565
1984	630	1981	520
1983	595		

Sales and Earnings

	Net Sales	Net Income
1985	$ 347,249,000	$ 13,348,000
1984	282,765,000	13,930,000
1983	241,136,000	13,061,000
1982	222,674,000	11,936,000
1981	227,522,000	11,426,000

	No. of Com. Shares †	Earn. per Share †
1985	9,228,000	$ 1.45
1984	9,712,000	1.43
1983	10,462,000	1.25
1982	10,566,000	1.13
1981	10,902,000	1.05

† Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 118,511,000	$ 12.69
1984	101,746,000	11.16
1983	110,470,000	10.50
1982	94,790,000	9.12
1981	88,232,000	8.10

Income Account
(000's)

Year ended June 30	1985	1984
Net sales	$ 347,249	$ 282,765
Cost of sales	157,549	125,899
Expenses	148,142	119,419
Depreciation & amortization	8,318	6,446
Interest expense	8,901	4,743
Income before taxes	$ 24,339	$ 26,258
Income taxes	10,991	12,328
Net Income	$ 13,348	$ 13,930

Assets
(000's)

As of June 30	1985	1984
Cash	$ 1,807	$ 4,998
Accts. receiv., net	6,751	2,499
*Inventories	81,206	76,860
Other assets	4,648	4,818
Current Assets	$ 94,412	$ 89,175
#Fixed assets	112,021	98,588
Intangibles	16,000	—
Other assets	2,048	1,428
Total Assets	$ 224,481	$ 189,191

Liabilities
(000's)

Long term debt:		
Oblig. under cap lease	$ 3,870	$ 3,285
Mortgages	329	286
Notes payable	11,931	—
Accounts payable	13,834	9,272
Accruals	11,302	9,971
Accrued payroll	4,324	5,146
Income taxes payable	1,505	993
Curr. Liabilities	$ 47,095	$ 28,953
Oblig. under cap. lease	49,350	50,519
Mortgage payable	8,432	7,263
Other liabilities	1,093	710
+Common stock	11,000	11,000
Add. paid-in-capital	34,873	34,561
Retained earnings	97,802	84,666
Treasury shares	(25,164)	(28,481)
Total Liabilities & Shareholders' Equity	$ 224,481	$ 189,191

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.01	9.29
%Net Income to Sales	3.84	4.93
%Net Income to Equity	11.26	13.69
Sales to Inventories	4.28	3.68
Debt to Equity	0.55	0.53
Working Capital	$ 47,317,000	$ 60,222,000
Current Ratio	2.00	3.08
Shareholder's Equity	$118,511,000	$101,746,000

CONNA Corporation

Cosmopolitan Building
981 South Third Street
Louisville, Kentucky 40203
(502) 584-1281

Mailing address:

P.O. Box 35680
Louisville, Kentucky 40232

Officers: Joe P. Peden, chairman of the board & chief executive officer; Robert T. Johnson, president & chief operating officer; Douglas A. Vetter, sr. v.p. & chief financial officer; R.J. Stewart, sr. v.p.-real estate; John A. Elsner, secretary; A.E. Jenkins, controller; Charles B. Wunderlich, III, v.p.-administrative services.

Directors: George Duthie, Charles F. Haywood, Robert T. Johnson, Joe P. Peden, William B. Peden, R.J. Stewart, P. Duane Walker, Winson DeWitt.

Business Activities: Through its subsidiary companies, is primarily a regional franchisor of Convenient Food Mart stores and an operator of retail, self-service gasoline outlets. Other subsidiaries engage in dairy product delivery, wholesaling to its stores, and retail construction, financing and store equipment selection.

Subsidiaries:

Convenient Industries of America
P.O. Box 35710
Louisville, Kentucky 40232
Operates or franchises 393 Convenient Food Mart stores in Kentucky, Tennessee, Indiana, Illinois, Iowa, Kansas, New York, New Hampshire, Connecticut, Massachusetts, North Carolina.

Remote Services, Inc.
P.O. Box 35580
Louisville, Kentucky 40232
Owns and operates self-service gasoline outlets.

Oscar Ewing, Inc.
A distributor of dairy items and other refrigerated products.

CFM Distributors, Inc. (57% owned)
Services Convenient Food Mart stores.

Financial Opportunities, Inc.
Small business investment company, operating under a license from the Small Business Administration, is engaged in financing store equipment and inventory for franchises.

Transfer Agent(s):

Citizens Fidelity Bank & Trust Company
P.O. Box 33000
Louisville, Kentucky 40232

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CONA

Number of Stores: (at fiscal year end)

	Food Mart Stores	Self-Service Gasoline Outlets
1985	393	271
1984	405	268
1983	422	283
1982	418	309
1981	416	314

Sales and Earnings

	Revenues	Net Income
1985	$ 200,499,000	$ (2,480,000)
1984	200,006,000	22,000
1983	229,750,000	88,000

1982	252,210,000	1,632,000
1981*	234,929,000	1,947,000

	No. of Com. Shares ‡	Earn. per Share ‡
1985	1,140,000	$ —
1984	1,187,000	. 0.02
1983	1,148,000	0.08
1982	1,126,000	1.45
1981*	1,112,000	1.75

(Loss)

* 53 weeks

‡ Based on the average number of common shares outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1985	1984
Food Mart stores	$ 40,456,000	$ 31,891,000
Gasoline	145,602,000	152,301,000
Dairy	12,654,000	12,871,000
Corp. & other	1,787,000	2,943,000
Total	$ 200,499,000	$ 200,006,000

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1985	$0.08	—	—
1984	0.48	—	—
1983	0.48	—	—
1982	0.47	10%	—
1981	0.41	10%	—

† Adjusted to reflect stock dividends.

Common Stock Equity

—	Total Equity	Equity Per Share †
1985	$ 8,875,000	$ 7.79
1984	11,912,000	10.04
1983	12,457,000	10.50
1982	12,215,000	10.84
1981	11,144,500	9.89

† Adjusted to reflect stock dividends.

Income Account

Year ended	5/26/85	5/27/84
Net sales	$ 187,455,000	$ 188,271,000
Cont. franchise fees	9,979,000	9,787,000
Other income	3,065,000	1,948,000
Total Income	$ 200,499,000	$ 200,006,000
Cost of sales	172,706,000	175,820,000
Expenses	21,218,000	19,241,000
Depreciation & amortization	2,864,000	2,353,000
Disposal of Petco oper.	5,800,000	1,150,000
Interest expense	1,815,000	1,534,000
Loss before taxes	$ (3,904,000)	$ (92,000)
Tax credit	(1,424,000)	(114,000)
Net Income (Loss)	$ (2,480,000)	$ 22,000

Assets

As of	5/26/85	5/27/84
Cash & cash equivalents	$ 1,304,000	$ 2,304,000
Accts. receiv., net	6,429,000	5,752,000
*Inventories	5,574,000	5,284,000
Invest. in subleases	650,000	372,000
Deferred income taxes	—	631,000
Refund. inc. taxes	545,000	—
Invest. in affil.	—	2,506,000
Other cum. assets	916,000	1,590,000
Current Assets	$ 15,418,000	$ 18,439,000
Invest. in subleases	4,554,000	4,299,000
Invest. in unconsol. subsid.	2,022,000	2,891,000
#Fixed assets	9,934,000	12,244,000
Deposits	452,000	366,000
Accts. & notes receiv.	1,285,000	3,713,000
Franchise rights	805,000	948,000
Intangibles	829,000	538,000
Sundry	1,841,000	2,766,000
Total Assets	$ 36,840,000	$ 46,204,000

Liabilities

Notes payable	$ —	$ 1,000,000
Long-term debt. curr.	1,357,000	1,816,000
Cap. lease oblig. curr.	1,073,000	873,000
Accts. payable	8,390,000	9,535,000
Accrued expenses	1,386,000	1,123,000
Curr. Liabilities	$ 12,206,000	$ 14,347,000
Long-term debt.	8,978,000	12,289,000
Cap. lease oblig.	6,311,000	6,470,000
Deposits, def. inc. taxes & other liab.	470,000	1,186,000
+ Common stock	5,894,000	6,602,000
Add. paid-in capital	851,000	608,000
Retained earnings	2,130,000	4,702,000
Total Liabilities & Shareholders' Equity	$ 36,840,000	$ 46,204,000

* At lower of costs (FIFO or retail) or market.

Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary

%Net Income to Sales	—	0.01
%Net Income to Equity	—	0.18
Sales to Inventories	33.63	35.63
Debt to Equity	2.00	1.88
Working Capital	$3,212,000	$ 4,092,000
Current Ratio	1.26	1.29
Shareholders' Equity	$8,875,000	$11,912,000

Consolidated Stores Corporation

2020 Corvair Avenue
P.O. Box 627
Columbus, Ohio 43216
(614) 224-1297

Officers: Sol A. Shenk, chairman & chief exec. officer; Charles H. Shenk, president & treasurer; Sol R. Norflus, exec v.p.; William B. Snow, exec. v.p. & chief financial officer; John A. Gabelman, secretary & asst. treasurer; Linda E. Shafran, asst. v.p. & asst. secretary.

Directors: Sol A. Shenk, chairman; Rodney L. Goldstein, William J. Hunckler, III, Jerome Schottenstein, Jay Schottenstein, Charles H. Shenk, Ned Sherwood, Morris Sidewater.

Business Activities: Operates "close-out" retail stores under the names "Big Lots," "Odd Lots," and "Big and Small Lots," featuring general merchandise at substantial discounts from original retail prices.

Divisions:

Retail Division
Wholesale Division
Corporate Services

Transfer Agent(s):

BancOhio National Bank
155 East Broad Street
Columbus, Ohio 43251

Manufacturers Hanover Trust Company
Grand Central Station
P.O. Box 3732
New York, New York 10163

Stock Exchange(s): American

Ticker Symbol: CNS

Number of Stores: (at fiscal year end)

1986	115	1983	9
1985	54	1982	2
1984	40		

Sales and Earnings

	Net Sales +	Net Income
2/1/86	$ 181,101,000	$ 11,957,000
2/2/85*	39,433,000	3,633,000
9/30/84	48,756,000	3,993,000
9/30/83	20,874,000	2,725,000
9/30/82	10,186,000	1,372,000

	No. of Com. Shares ‡	Earn. per Share ‡
2/1/86	19,075,452	$ 0.63
2/2/85*	15,800,000	0.23
9/30/84	15,800,000	0.25
9/30/83	15,800,000	0.17
9/30/82	15,800,000	0.09

* 4 months.

+ Of continuing operations only.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985 (4 months)
Retail	$ 162,797,000	$ 33,173,000
Wholesale	18,304,000	6,260,000
Total	$ 181,101,000	$ 39,433,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
2/1/86	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
2/1/86	$ 47,628,000	$ 2.50
2/2/85	6,426,000	0.41
9/30/84	16,295,000	1.03
9/30/83	12,302,000	0.78
9/30/82	10,291,000	0.65

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended	2/1/86	2/2/85 (4 months)
Net sales	$ 181,101	$ 39,433
Cost of sales	105,054	24,266
Expenses	57,694	11,449
Joint venture earn.	(841)	184
Interest expense	1,945	678
Interest income	(480)	(23)
Other income	(413)	(50)
Income before taxes	$ 18,142	$ 2,929
Income taxes	6,185	1,015
Income - cont. oper.	$ 11,957	$ 1,914
Income - discont. oper.	—	1,719
Net Income	$ 11,957	$ 3,633

* Included in Costs and Expenses, Depreciation and Amortization: $1,433,000 in 1986 and $171,000 in 1985.

Assets
(000's)

As of	2/1/86	2/2/85
Cash	$ 4,398	$ 1,320
Notes & accts. rec., net	3,241	4,536
Invest in joint venture	8,592	7,109
*Inventories	48,379	21,073
Prepaid expenses	1,648	872
Current Assets	$ 66,258	$ 34,910

#Fixed assets	12,528	5,130
Other assets	1,003	1,235
Total Assets	$ 79,789	$ 41,275

Liabilities
(000's)

Notes payable	$ —	$ 2,325
Long-term debt, curr.	1,242	1,010
Accts. payable	21,027	11,418
Accruals	4,562	1,002
Income taxes	2,101	2,113
Curr. Liabilities	$ 28,932	$ 17,868
Long-term debt	2,949	16,981
Deferred inc. taxes	280	—
+ Common Stock	188	58
+ Non-voting common stock	23	21
Add. paid-in capital	34,846	5,733
Retained earnings	12,571	614
Total Liabilities & Shareholders' Equity	$ 79,789	$ 41,275

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.02	—
%Net Income to Sales	6.60	—
%Net Income to Equity	25.10	56.54
Sales to Inventories	3.74	1.87
Debt to Equity	0.09	3.16
Working Capital	$37,326,000	$17,042,000
Current Ratio	2.29	1.95
Shareholders' Equity	$47,628,000	$ 6,426,000

C & R Clothiers Inc.

8660 Hayden Place
Culver City, California 90232
(213) 559-8200

Officers: Paul S. Reisbord, chairman of the board & president; Burton L. Kieffer, exec. v.p. & secretary; Elinor Johns, v.p.-human resources; Sidney Rosenbloom, v.p.-operations; Dianne Thomas, v.p.-advertising, sales promotion; Evans Jonson, v.p.-field operations; Joel S. Adelman, v.p. finance.

Directors: Paul S. Reisbord, chairman; Burton L. Kieffer, Harry Reisbord, Haya Reisbord.

Business Activities: Operates a chain of men's clothing stores in southern California.

Transfer Agent(s):

U. S. Stock Transfer Company

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CLTH (NASDAQ)

Number of Stores: (at fiscal year end)

1985	39	1982	37
1984	N.A.	1981	36
1983	N.A.		

N.A. - Not available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 57,239,905	$ 714,670
1985*	48,531,601	847,578
1984	38,299,501	623,764
1983	36,365,990	144,022
1982	34,669,874	515,758

	No. of Com. Shares #	Earn. per Share # †
1986	1,076,567	$ 0.66
1985	1,124,987	0.75
1984	1,275,953	0.49
1983	1,297,711	0.11
1982	1,328,257	0.39

* 53 weeks.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share#
1986	$ 6,151,718	$ 5.71
1985	5,690,661	5.06
1984	5,052,566	3.96
1983	4,655,853	3.59

# Based on the weighted average number of shares outstanding.

Income Account

Year ended	2/1/86	2/2/85
Net sales	$ 57,239,905	$ 48,531,601
Cost of sales	31,026,246	26,255,458
Expenses	24,291,487	19,945,395
Depreciation & amortization	487,469	422,880
Interest expense	240,533	404,290
Income before taxes	$ 1,194,170	$ 1,503,578
Income taxes	479,500	656,000
Net Income	$ 714,670	$ 847,578

Assets

As of Jan.	2/1/86	2/2/85
Cash	$ 447,916	$ 1,984,777
Emp. advances & other receiv.	624,629	701,721
*Inventories	10,046,861	7,510,337
Prepaid expenses	810,405	324,421
Income taxes	61,037	—
Current Assets	$ 11,990,848	$ 10,521,256
#Fixed assets	3,122,095	2,790,226
Other assets	329,603	336,557
Total Assets	$ 15,442,546	$ 13,648,039

Liabilities

Notes payable	$ 1,939,000	$ 538,626
Accts. payable	4,907,039	4,878,819
Accruals	1,283,320	1,501,266
Income taxes	—	43,249
Capital lease obligation	71,720	55,732
Deferred income taxes	103,332	—
Curr. Liabilities	$ 8,304,411	$ 7,017,692
Notes payable	225,000	450,000
Deferred inc. taxes	494,231	414,000
Capital lease obligation	3,925	75,686
Other liabilities	263,261	—
+ Common stock	18,789	18,789
Add. paid-in capital	936,629	936,629
Retained earnings	6,564,737	5,850,067
Treasury stock	(1,368,437)	(1,114,824)
Total Liabilities & Shareholders' Equity	$ 15,442,546	$ 13,648,039

* At lower of average cost or market, by the retail method.
# Less accumulated depreciation & amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.09	3.10
%Net Income to Sales	1.25	1.75
%Net Income to Equity	11.62	14.89
Sales to Inventories	5.70	6.46
Debt to Equity	0.37	0.19
Working Capital	$3,686,437	$3,503,564
Current Ratio	1.44	1.50
Shareholders' Equity	$6,151,718	$5,690,661

Crowley, Milner and Company

2301 West Lafayette
Detroit, Michigan 48216
(313) 962-2400

Officers: Robert B. Carlson, president & chief executive officer; J. Stephen Kennedy, sr. v.p. & operating officer; Royal N. Perkins, v.p.-personnel; Andrew J. Soffel, sr. v.p., chief financial officer & secretary; Thomas E. Hoelscher, v.p.-merchandising; Joyce Harding, v.p.-merchandising; Mark A. VandenBerg, treasurer.

Directors: Alfred M. Entenman, Jr.*, Richard S. Keys, Charles R. Montgomery, Norbert A. Sylvester*, Robert E. Winkel*, Robert B. Carlson*, Raymond J. Foresman*, Paul R. Trigg, Jr., Patricia Standart Morrison, Joseph C. Keys, JoAnn Standart Cousino*.

* Member of the Executive Committee.

Business Activities: Operates stores in Detroit metropolitan area retailing medium and high quality men's, women's and children's apparel and accessories.

Transfer Agent(s):

Comerica Bank-Detroit
Detroit, Michigan

Stock Exchange(s): American

Ticker Symbol: COM

Number of Stores: (at fiscal year end)

1986	10	1983	10
1985	9	1982	10
1984	9		

Sales and Earnings

	Net Sales ‡	Net Income
1985	$ 104,087,278	$ 1,815,000
1984	92,927,448	2,391,000
1983	84,499,601	1,802,000
1982	76,395,663	1,140,000
1981	73,226,506	975,000

	No. of Com. Shares	Earn. per Share
1985	509,067	$ 3.57
1984	509,067	4.70
1983	509,067	3.54
1982	509,067	2.24
1981	509,067	1.92

‡ Including sales of leased department.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.25	—	—
1984	1.00	—	—
1983	0.73	—	—
1982	0.50	—	—
1981	0.50	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 20,290,000	$ 39.86
1984	19,112,000	37.54
1983	17,230,000	33.85
1982	15,799,000	31.04
1981	14,913,000	29.30

Income Account *

Year ended Jan. 31	1986	1985
Net sales	$ 104,087,278	$ 92,927,448
Other income	623,423	564,316
Total Income	$ 104,710,701	$ 93,491,764
Cost of sales	63,360,499	56,274,083
Expenses	35,978,795	31,082,911
Interest expense	1,658,951	1,114,022
Other charges	1,127,290	999,944
Income before taxes	$ 2,585,166	$ 4,020,804

Income taxes	770,000	1,630,000
Net Income	$ 1,815,166	$ 2,390,804

* Included in Costs and Expenses. Depreciation: $2,160,287 in 1985 and $1,937,095 in 1984.

Assets

As of Jan. 31	1986	1985
Cash & short-term investments	$ 6,858,942	$ 7,802,328
Accts. receiv., net	848,604	1,037,467
*Inventories	16,861,449	15,173,482
Prepaid prop. taxes	933,858	926,847
Employee benefits	2,226,082	2,050,000
Other assets	903,784	932,914
Current Assets	$ 28,632,719	$ 27,923,038
#Fixed assets	24,505,656	21,298,527
Other assets	2,091,840	1,851,108
Total Assets	$ 55,230,215	$ 51,072,673

Liabilities

Long-term debt, curr.	$ 865,000	$ 620,000
Cap. lease oblig., curr.	495,314	583,351
Property taxes	1,177,723	1,018,977
Accts. payable	9,348,968	7,643,194
Accrued payroll	1,358,244	1,557,865
Income taxes	1,026,601	1,713,828
Other taxes	443,697	481,883
Curr. Liabilities	$ 14,715,547	$ 13,619,098
Long-term debt	13,315,000	11,180,000
Cap.lease oblig.	4,987,908	5,673,653
Deferred inc. taxes	1,288,000	933,000
Other liabilities	633,500	555,494
+Common stock	509,067	509,067
Add. paid-in capital	2,240,558	2,240,558
Retained earnings	17,540,635	16,361,803
Total Liabilities & Shareholders' Equity	$ 55,230,215	$ 51,072,673

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.48	4.33
%Net Income to Sales	1.74	2.57
%Net Income to Equity	8.95	12.51
Debt to Equity	0.97	0.94
Working Capital	$13,917,172	$14,303,940
Current Ratio	1.95	2.05
Shareholders' Equity	$20,290,260	$19,111,428

Crown American Corporation

131 Market Street
Johnstown, Pennsylvania 15907
(814) 536-4441

NOTE: Privately Held

Officers: (Hess's Department Stores, Inc.) Irwin Greenberg, president & chief operating officer; Duane F. White, sr. v.p.-finance, treasurer & secretary; Stephen J. Furst, sr. v.p.-operations; Joseph Bigatel, sr. v.p. & general merchandise manager; Larry Baughman, v.p. & merchandise mgr.-housewares; Fred Bentelspacher, v.p., director of sales promotion & public relations; Howard Coleman, sr. v.p. & general merchandise manager; Richard Kula, v.p. & director-management information systems; John Murphy, v.p. & director-planning & operations; Wolfgang Otto, v.p. & director-graphic communications; James Quigley, v.p.-mdse. distribution; Frank Stephens, v.p.-customer service; Robert Wells, v.p. & dir. of purchasing; Nick Baxevane, v.p. & asst. gen. mdse. mgr.; Carol Clarke, v.p. & mdse. mgr.-intimate apparel; Dennis DeFrain, v.p. & asst. gen. mdse. mgr.-home furnishings; Kenneth A. Hinkle, II, v.p.-budgets and controls; Richard Johnson, v.p. & mdse. mgr.-cosmetics; Adolf Klova, v.p.-dir. of advertising; Walter Loyle, v.p. & mdse. mgr.-boys' and young men's; Tom Maciag, v.p. & mdse. mgr.-leisure; Cindy Schneider, v.p. & mdse. mgr.-misses sportswear.

Directors: Frank J. Pasquerilla, chairman; Irwin Greenberg, Marlin R. Havener, Fred Bentelspacher, William G. Reddinger, Duane F. White, Nicholas O. Antonazzo, Joseph W. Bigatel, Stephen J. Furst, Mark E. Pasquerilla, Nicholas J. Pasquerilla, Howard Coleman, Paul K. Kiever.

Business Activities: Through its Hess's Department Stores, Inc. subsidiary, the Company operates full-line department stores in Pennsylvania, New York, Maryland, Virginia, and West Virginia. Also develops shopping centers and operates eight motor inns.

Subsidiary:

Hess's Department Stores, Inc.
Hamilton Mall at Ninth Street
Allentown, Pennsylvania 18101
(215) 821-4377

Number of Stores: (at fiscal year end)

1985	40	1982	N.A.
1984	37	1981	22
1983	32		

N.A. - Not Available.

NOTE: The following statement of operations is for Hess's Department Stores and its subsidiaries.

Sales and Earnings

	Net Sales	Net Income
1986	$ 330,706,000	$ 14,618,000
1985	273,590,000	11,651,000
1984	247,487,000	8,636,000

Income Account *
(000's)

Year ended Jan. 31	1986	1985
Net sales	$ 330,706	$ 273,590
Cost of sales	241,166	202,211
Expenses	55,701	46,502
Interest expense	7,170	6,221
Interest income	(2,923)	(3,230)
Discount expense	6,384	5,340
Income before taxes	$ 23,208	$ 16,546
Income taxes	8,590	4,895
Net Income	$ 14,618	$ 11,651

* Included in Costs and Expenses, Depreciation and Amortization: $9,705,000 in 1986 and $8,695,000 in 1985.

Assets
(000's)

As of Jan. 31	1986	1985
Cash	$ 2,698	$ 1,856
Short-term invest.	55,700	48,000
*Inventories	48,319	38,344
Prepaid expenses	2,678	2,155
Current Assets	$ 109,395	$ 90,355
#Fixed assets	75,481	63,019
Other assets	1,241	5,395
Intangibles	1,315	1,373
Total Assets	$ 187,432	$ 160,142

Liabilities
(000's)

Long-term debt, curr.	$ 5,654	$ 4,851
Accts. payable	22,964	15,047
Co-worker compens.	2,304	2,043
Accruals	7,299	7,346
Income taxes	5,402	4,209
Curr. Liabilities	$ 43,623	$ 33,496
Long-term debt	57,451	55,021
Deferred inc. taxes	4,213	4,098
+Common stock	1,460	1,460
Add. paid-in capital	8,518	8,518
Retained earnings	72,798	58,180
Treasury stock	(631)	(631)
Total Liabilities & Shareholders' Equity	$ 187,432	$ 160,142

* At LIFO cost.
# Less accumulated depreciation and amortization.
+ $1 par vaue.

Statistical Summary

%Income bef. Taxes to Sales	7.02	6.05
%Net Income to Sales	4.42	4.26
%Net Income to Equity	17.80	17.25
Sales to Inventories	6.84	7.14
Debt to Equity	0.77	0.89
Working Capital	$65,770,000	$56,859,000
Current Ratio	2.51	2.70
Shareholders' Equity	$82,145,000	$67,527,000

Crown Auto, Inc.

7550 Corporate Way
Eden Prairie, Minnesota 55344
(612) 937-9000

Mailing address:

P.O. Box 1217
Minneapolis, Minnesota 55440

Officers: Floyd R. Adelman, president & chief exec. officer; Arvin D. Adelman, exec. v.p.; Richard T. Brokl, v.p.-finance; Mark J. Adelman, v.p.-human resources; Ted R. Manley, v.p.-marketing; Milo A. Bennett, assistant v.p.-data processing and planning; Israel E. Krawetz, secretary.

Directors: Amos Heilicher, David B. Bishoff, Harry J. Jensen, Jr., Lloyd D. Berkus, Phillip J. Bifulk, Floyd Adelman, Arvin Adelman, P. Robert Larson.

Business Activities: Operates a chain of retail automotive departments and stores, most with installation and service facilities. The stores operates under the name Crown Autos and are located primarily in Minnesota, with others in Wisconsin and North Dakota.

Subsidiaries:

Crown Auto Stores, Inc.
7530 Corporate Way
Eden Prairie, Minnesota 55344
Operates retail automotive stores and service centers.

Transfer Agent(s):

First National Bank of Minneapolis
Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CRNI (NASDAQ)

Number of Stores: (at fiscal year end)

1985	53	1982	46
1984	51	1981	49
1983	50		

Sales and Earnings

	Net Sales +	Net Income ‡
1985	$ 36,007,200	$ 105,090
1984	35,357,959	584,240
1983	32,777,295	707,538
1982	29,062,376	424,656
1981	24,559,709	251,434

	No. of Com. Shares #	Earn. per Share ‡#
1985	1,074,624	$ 0.10
1984	1,070,915	0.55
1983	1,068,850	0.66
1982	1,357,197	0.31
1981	1,419,146	0.18

+ Of continuing operations only.
‡ Including extraordnary gains of $213,327 ($0.20 per share) in 1984 and $324,607 ($0.30 per share) in 1983.
# Based on the weighted average number of shares outstanding to reflect stock split.

Crown Auto, Inc.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$ —	—	—
1984	—	—	3-for-2
1983	0.067	—	—
1982	0.033	—	—
1981	—	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 4,043,060	$ 3.76
1984	3,937,970	3.68
1983	3,352,780	3.14
1982	2,716,507	2.00
1981	3,354,518	2.36

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account

Year ended	12/28/85	12/29/84
Net sales	$ 36,007,200	$ 35,357,959
Cost of sales	19,655,200	19,447,632
Expenses	14,828,341	13,770,416
Depreciation & amortization	949,938	820,202
Interest expense	(893,897)	837,031
Unusual item	(335,913)	—
Other income	(126,130)	(171,235)
Income before taxes	$ 141,867	$ 653,913
Income taxes (credit)	(148,000)	283,000
Inc.-cont. oper.	$ 289,867	$ 370,913
Loss-discont. oper.	184,777	—
Net Income	$ 105,090	$ 370,913
Extraord. gain	—	213,327
Net Income & extraord. gain	$ 105,090	$ 584,240

Assets

As of	12/28/85	12/29/84
Cash	$ 319,612	$ 136,588
Receiv., net	612,911	908,993
Refund in taxes	410,739	—
*Inventories	7,956,020	6,758,765
Prepaid expenses	226,122	303,374
Current Assets	$ 9,525,404	$ 8,107,720
#Fixed assets	7,299,958	6,580,089
Other assets	803,715	1,224,613
Total Assets	$ 17,629,077	$ 15,912,422

Liabilities

Notes payable	$ 1,950,000	$ 800,000
Long-term debt, curr. & cap. lease oblig.	692,994	571,663
Accts. payable	3,027,056	3,326,537
Accruals	1,166,631	1,173,194
Income taxes	—	17,227
Curr. Liabilities	$ 6,836,681	$ 5,888,621
Long-term debt	585,305	810,065
Deferred compensation	262,597	203,700
Cap. lease oblig.	5,901,434	5,072,066
+ Common stock	1,211,976	1,211,976
Retained earnings	2,831,084	2,725,994
Total Liabilities & Shareholders' Equity	$ 17,629,077	$ 15,912,422

* At lower of cost (FIFO) os market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales		1.85
%Net Income to Sales	—	1.05
%Net Income to Equity	2.60	9.42
Sales to Inventories	4.53	5.23
Debt to Equity	2.26	1.84
Working Capital	$2,688,723	$2,219,099
Current Ratio	1.39	1.38
Shareholders' Equity	$4,043,060	$3,937,970

Crystal Brands, Inc.

1411 Broadway
New York, New York 10018
(212) 869-8900

Officers: Richard F. Kral, chairman of the board & chief exec. officer; Richard A. Baker, president-Menswear; Gerald M. Chaney, v.p. & controller; Edward B. Dailey, v.p. & chief financial officer; Jane Evans, president-Monet; Stanley C. Gillette, president-Womenswear; Marvin Lord, president-Youthwear; Michael B. McLearn, v.p., general counsel & secretary; Charles J. Smith, group v.p.; James D. Wilson, v.p.-human resources.

Directors: Richard F. Kral, chairman; John H. Mullin, III, William A. Andres, E. Robert Kinney, Ronald E. Ferguson.

Business Activities: Operates 20 Fashion Flair retail stores that sell Izod and Lacoste discontinued apparel and excess inventory; operates 25 Ship'n Shore factory outlets which sell excess and out-of-season Ship'n Shore apparel. Also manufactures and markets men's, women's and children's apparel under the Izod, Lacoste, Ship'n Shore and Haymaker brands, and costume jewelry and accessories under the brand names Monet, Yves St. Laurent and Evoke.

Divisions and Subsidiaries:

Izod, Ltd. (men's, women's and children's sportswear)
Haymaker Sports, Inc. (women's sportswear)
Fashion Flair, Inc. (retail operations)

Ship'n Shore, Inc.
Bridgewater-at-Aston
Aston, Pennsylvania 19014
(215) 494-2000
Apparel for women.

Monet
P.O. Box 376
Murray Hill Station
New York, New York 10016
(212) 725-4700
Fashion jewelry.

Transfer Agent(s):

The Bank of New York
19 Rector Street
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: CBR

Number of Stores: (at fiscal year end)

1985	45

Sales and Earnings

	Net Sales	Net Income
1985	$ 481,900,000	$ (43,400,000)
1984	515,000,000	12,700,000
1983	545,400,000	36,700,000
1982	569,300,000	48,300,000
1981	501,800,000	47,600,000

	No. of Com. Shares ‡	Earn. per Share
1985	8,940,000	$ —

(Loss)

× Because Crystal Brands, Inc. was an operating unit of General Mills, the company's interest expense in prior years represents an allocated amount; similarly, taxes were estimated because Crystal Brands did not file tax returns separately from General Mills. Per share data and dividends have not been presented as Crystal Brands was not a publicly-held company during these years.

‡ Based on the average number of General Mills' common shares outstanding during fiscal 1985 and a distribution of 0.2 shares of Crystal Common Stock for each share of General Mills' common stock.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 215,475,000	$ —
1984	273,642,000	—

Income Account *
(000's)

Year ended	5/26/85	5/27/84
Net sales	$ 481,930	$ 514,955
Cost of sales	374,525	322,504
Expenses	157,695	158,757
Redeployment exp.	27,984	5,708
Interest expense	10,895	8,914
Inc. (loss) bef. taxes	$ (89,169)	$ 19,072
Income taxes (credit)	(45,797)	6,331
Net Income (Loss)	$ (43,372)	$ 12,741

* Included in Costs and Expenses, Depreciation and Amortization: $9,190,000 in 1985 and $8,113,000 in 1984.

Assets
(000's)

As of	5/26/85	5/27/84
Cash	$ 814	$ 1,098
Accts. receiv., net	63,192	67,694
Deferred inc. taxes	9,127	—
*Inventories	111,171	163,465
Prepaid expenses	1,286	2,684
Current Assets	$ 185,590	$ 234,941
#Fixed assets	47,442	62,102
Intangibles	39,701	42,459
Invest. & other assets	2,533	1,316
Total Assets	$ 275,266	$ 340,818

Liabilities
(000's)

Foreign notes payable	$ 5,481	$ 7,712
Accts. payable	30,639	40,231
Accrued taxes	1,053	1,161
Accrued payroll	8,859	9,758
Deferred income taxes	—	1,131
Prov. for deployment	6,779	1,050
Other curr. liabilities	936	1,550
Curr. Liabilities	$ 53,747	$ 62,593
Deferred inc. taxes	4,179	2,806
Other liab. & deferred credits	1,865	1,777
Equity:		
Invest by & adv. from Gen. Mills	215,452	273,613
Cum. for. curr adj.	23	29
Total Liabilities & Shareholders' Equity	$ 275,266	$ 340,818

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.

Statistical Summary

%Income bef. Taxes to Sales	—	3.70
%Net Income to Sales	—	2.47
%Net Income to Equity	—	4.66
Sales to Inventories	4.34	3.15
Working Capital	$131,843,000	$172,348,000
Current Ratio	3.45	3.75
Shareholders' Equity	$215,475,000	$273,642,000

Cullum Companies, Inc.

14303 Inwood Road
Dallas, Texas 75234
(214) 661-9700

Officers: Charles G. Cullum, chairman of the board; Jack W. Evans, president & chief excutive officer; J.T. Hairston, Jr., exec. v.p. & chief operating officer; James E. Stiles, Robert B. Cullum, Jr., v.p.-corp. development; Houston E. Holmes, Jr., v.p., secretary & general counsel; J. Harold Berg, asst. secretary.

Directors: John S. Burns, Charles G. Cullum*, J. Harold Berg*, Jack W. Evans*, Earl A. Forsythe, W.R. Hawn, Mrs. Paul Middleton, Houston E. Holmes, Jr.*, J.T. Hairston, Jr.*, Mrs. Robert B. Cullum, Norman Brinker, Robert Onstead, Robert B. Cullum, Jr.*

* Member of the Executive Committee.

Business Activities: Operates a chain of supermarkets and drug stores in Texas and California; the Tom Thumb Supermarkets and Page Drug Stores operate in the Austin and Dallas, Texas area and Pantry Food Markets are located in the greater Los Angeles area; operates Grocery Supply Company stores in Nebraska, Kansas, Arkansas, Oklahoma and Missouri. Also operates wholesale food distributing companies and a meat packing firm.

Divisions and Subsidiaries:

Tom Thumb Stores, Inc.
Dallas, Texas
Operates supermarkets in Texas.

Pantry Food Markets, Inc.
Pasadena, California
Operates a chain of retail food stores in the suburban communities of the Los Angeles area.

Page Drugs, Inc.
Dallas, Texas
Operates drug stores in the greater Dallas area; some are in combination with Tom Thumb food stores.

Grocery Supply Company
Omaha, Nebraska
Operates retail warehouse markets in Nebraska, Missouri, Kansas, Arkansas and Oklahoma.

Gooch Packing Company, Inc.
Abilene, Texas
Midland, Texas
Meat packing operations.

A.W. Cullum & Company
Dallas, Texas
Wholesale food distributor for the Dallas-Ft. Worth market.

Cullum Development Company
Dallas, Texas
Engages in real estate development.

Transfer Agent(s):

RepublicBank of Dallas
P.O. Box 2964
Dallas, Texas 75221

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CULL (NASDAQ)

Number of Stores: (at fiscal year end)

1985	83	1982	157
1984	122	1981	151
1983	132		

Sales and Earnings

	Net Revenues	Net Income
1985	$1,171,691,000	$ 17,225,000
1984	1,228,240,000	12,577,000
1983	1,126,638,000	13,854,000
1982	1,062,081,000	13,032,000
1981	974,934,000	13,645,000

	No. of Com. Shares #	Earn. per Share #
1985	10,921,225	$ 1.57
1984	10,888,572	1.15
1983	5,439,338	1.27
1982	5,436,984	1.19
1981	4,522,741	1.25

# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividends and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.42	—	4-for-3
1984	0.42	—	—
1983	0.37	—	2-for-1
1982	0.37	—	—
1981	0.31	20%	—

+ Adjusted to reflect stock dividends and stock splits.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1985	$ 106,393,000	$ 9.74
1984	93,702,000	8.61
1983	85,616,000	15.74
1982	75,809,000	13.94
1981	66,729,000	14.75

‡ After allowing for preferred stock at liquidation value of $24 per share.
† Adjusted to reflect stock splits.

Income Account *

Year ended	6/29/85	6/30/84
Net revenues	$1,171,691,000	$1,228,240,000
Cost of revenues	904,658,000	952,203,000
Expenses	229,791,000	245,842,000
Interest expense	6,798,000	8,873,000
Income before taxes	$ 30,444,000	$ 21,322,000
Income taxes	13,219,000	8,745,000
Net Income	$ 17,225,000	$ 12,577,000

* Included in Costs and Expenses, Depreciation and Amortization: $17,732,000 in 1985 and $17,282,000 in 1984.

Assets

As of	6/29/85	6/30/84
Cash	$ 13,816,000	$ 10,046,000
Accts. receiv., net	7,812,000	8,234,000
*Inventories	61,594,000	67,391,000
Prepaid expenses & other assets	1,712,000	2,056,000
Current Assets	$ 84,934,000	$ 87,727,000
Property, plant & equip. held for sale	7,871,000	—
Investments	2,916,000	2,910,000
Invest. in tax benefit lease	3,286,000	2,454,000
#Fixed assets	120,927,000	136,693,000
Other assets	7,811,000	6,729,000
Total Assets	$ 227,745,000	$ 236,513,000

Liabilities

Long-term debt, curr.	$ 4,463,000	$ 3,255,000
Accts. payable	34,990,000	39,340,000
Accruals	14,861,000	18,114,000
Fed. income tax	1,722,000	2,894,000
Curr. Liabilties	$ 56,036,000	$ 63,603,000
Long-term debt:		
Unsecured notes	19,498,000	26,257,000
Retail est. oblig.	9,756,000	12,566,000
Oblig. under cap. leases	19,893,000	31,436,000
Reserves	3,424,000	239,000
Deferred inc. taxes	12,696,000	8,661,000
+ Preferred stock	33,000	33,000
+ + Common stock	10,921,000	8,187,000
Add. paid-in capital	46,008,000	48,687,000
Retained earnings	49,480,000	36,844,000
Total Liabilities & Shareholders' Equity	$ 227,745,000	$ 236,513,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $16 par value.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	2.60	1.74
%Net Income to Revenues	1.47	1.02
%Net Income to Equity	16.18	13.42
Debt to Equity	0.50	0.78
Working Capital	$55,951,066	$24,124,000
Current Ratio	1.52	1.38
Shareholders' Equity	$106,442,000	$93,751,000

Cyclops Corporation

650 Washington Road
Pittsburgh, Pennsylvania 15228
(412) 343-4000

Officers: William H. Knoell, president & chief executive officer; James F. Will, exec. v.p. & president-Industrial Group; Barry H. Feinberg, v.p.-Retail Group & president-Silo Division; William D. Dickey, sr. v.p.; Robert A. Kushner, v.p., general counsel & secretary; Hubert W. Delano, v.p.-public relations; Joseph P. Enis, treasurer; Robert J. Tate, asst. secretary.

Directors: Howard J. Burnett, William D. Dickey, Thomas Phillips Johnson, William H. Knoell, H. Frederick Krimendahl, II, William E. Lieser, William L. Mobraaten, Konrad M. Weis, Howard M. Winterson, James F. Will.

Business Activities: Engaged in three major business lines: steel products-including specialty, carbon, galvanized, and silicon steels and tubular products; industrial and commercial construction products and services-including metal wall and roof systems; and specialty retailing.

Retail Divisions:

Busy Beaver Building Centers, Inc.
641 Alpha Drive
Pittsburgh, Pennsylvania 15238
(412) 963-1980
Retail and contractor building materials and supplies and home remodeling services. Busy Beaver operates 11 home-improvement centers in Pennsylvania and Ohio.

Silo Division
6900 Lindbergh Boulevard
Philadelphia, Pennsylvania 19142
(215) 365-2000
Retailer of home appliances, television sets, audio and video products, operating 111 stores in 16 states throughout the U.S.

Transfer Agent(s):

Mellon Bank, N.A.
Pittsburgh, Pennsylvania

Stock Exchange(s): New York

Ticker Symbol: CYL

Number of Stores: (at fiscal year end)

1985	122	1982	87
1984	107	1981	81
1983	99		

Sales and Earnings

	Net Sales	Net Income †
1985	$1,385,718,000	$ 26,228,000
1984	1,271,593,000	18,434,000
1983	1,024,114,000	(2,190,000)
1982	873,165,000	(11,921,000)
1981	1,031,414,000	21,384,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1985	3,904,781	$ 6.66
1984	3,762,432	4.82
1983	3,517,542	—
1982	3,442,448	—
1981	3,355,712	6.21

Cyclops Corporation

(Loss)
† Including extrarodinary gain of $1,766,000 ($0.46 per share) in 1985.
‡ Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1985	1984
Steel prods.	$ 763,112	$ 772,546
Industrial & commercial construction prods. & serv.	136,245	108,824
Specialty retailing	510,026	404,433
Interseg. sales	(23,665)	(14,210)
Total	$ 1,385,718	$ 1,271,593

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.10	—	—
1984	1.10	—	—
1983	1.10	—	—
1982	1.10	—	—
1981	1.30	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1985	$ 212,809,000	$ 54.58
1984	188,500,000	49.67
1983	167,157,000	47.52
1982	170,288,000	49.47
1981	186,020,000	55.43

‡ After allowing for preferred stock at involuntary liquidation preference.
† Based on the average number of common shares and common share equivalents outstanding.

Income Account
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 1,385,718	$ 1,271,593
Cost of sales	1,170,100	1,096,512
Expenses	142,322	116,283
Depreciation	17,496	17,731
Interest expense	9,604	11,105
Income before taxes	$ 46,196	$ 29,962
Income taxes	21,734	11,528
Net Income	$ 24,462	$ 18,434
Extraord. gain	1,766	—
Net Income & extraord. gain	$ 26,228	$ 18,434

Assets
(000's)

As of Dec. 31.	1985	1984
Cash	$ —	$ 1,358
Receivables, net	137,704	147,137
*Inventories	217,676	190,542
Prepaid expenses & income taxes	6,775	13,871
Current Assets	$ 362,155	$ 352,908
#Fixed assets	169,920	168,052
Other assets	7,492	18,197
Total Assets	$ 539,567	$ 539,157

Liabilities
(000's)

Short-term loans	$ 19,696	$ 3,000
Long-term debt, curr.	1,720	1,048
Accts. payable	85,293	79,270
Emp. costs	64,128	61,748
Taxes	12,119	10,583
Def. serv. rev.	10,279	9,114
Other liabilities	21,265	17,004
Curr. Liabilities	$ 214,500	$ 181,767
Long-term debt	46,878	98,843
Deferred inc. taxes	19,683	17,896
Exc. of vested pension ben.	7,042	7,358
Liab. resulting from discont. oper.	29,427	29,291
Def. serv. revenue	5,592	10,234
+Preferred stock:		
Series A	17	22
Series B	86	134
+Common stock	4,201	4,098
Add. paid-in capital	46,109	45,249
Retained earnings	173,066	151,316
Treasury stock	(7,034)	(7,051)
Total Liabilities & Shareholders' Equity	$ 539,567	$ 539,157

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.33	2.36
%Net Income to Sales	1.77	1.45
%Net Income to Equity	11.30	9.51
Sales to Inventories	6.37	6.67
Debt to Equity	0.32	0.53
Working Capital	$147,655,000	$171,141,000
Current Ratio	1.69	1.94
Shareholders' Equity	$216,445,000	$193,768,000

Danners, Inc.

6060 North Guion Road
P.O. Box 1146
Indianapolis, Indiana 46206
(317) 291-8011

Officers: Mark S. Danner, chairman, president & chief exec. officer; Ray J. Danner, vice chairman; David C. Danner, v.p.-adm. & secretary; Norman A. Spradlin, v.p.; A. Wallace Williams, v.p.-real estate; David E. Brown, v.p.-info. systems; Paul J. Edwards, v.p.-merchandising; Thomas A. Grawe, asst. treasurer & controller; Robert C. Bolsinger, v.p.-finance & treasurer.

Directors: Ray J. Danner, Richard M. Miller, Robert S. Ashby, Robert H. Reynolds, L. Gene Tanner, Mark S. Danner, A. Wallace Williams.

Business Activities: Operates a chain of 35 3D Discount Stores and variety stores and one Shoppers Outlet Store in Indiana, Illinois, and Michigan.

Divisions and Subsidiaries:

3D Discount Store Division
Damax International, Inc.
DRE, Inc.

Transfer Agent(s):

American Fletcher National Bank
and Trust Company
Indianapolis, Indiana

The First National Bank of Chicago
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DNNR (NASDAQ)

Number of Stores: (at fiscal year end)

	Discount Stores	Variety Stores	Restaurants	FSC Stores
1985	36	—	—	—
1984	35	12	13	7
1983	35	12	21	—
1982	35	23	17	—
1981	34	23	19	—

Sales and Earnings

	Net Sales	Net Income
1985	$ 171,313,000	$ (529,000)
1984*	189,022,000	238,000
1983	166,065,899	(895,116)
1982	163,217,583	449,248
1981	143,446,215	860,884

	No. of Com. Shares ‡	Earn. per Share ‡
1985	488,295	$ —
1984*	488,295	0.49
1983	488,295	—
1982	488,295	0.92
1981	494,224	1.74

(Loss)
*53 weeks.
‡ Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$ —	—	—
1984	0.20	—	—
1983	0.10	—	—
1982	0.20	—	—
1981	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 9,901,000	$ 20.28
1984	10,430,000	21.36
1983	10,289,534	21.07
1982	11,233,480	23.01
1981	10,881,891	22.02

‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account

Year ended	2/1/86	2/2/85 (53 weeks)
Net sales	$ 171,313,000	$ 189,022,000
Other income	1,400,000	1,296,000
Gain on disposition	763,000	—
Total Income	$ 173,476,000	$ 190,318,000
Cost of sales	128,984,000	137,783,000
Expenses	38,841,000	45,170,000
Depreciation & amortization	2,214,000	2,517,000
Interest expense	3,975,000	4,461,000
Income (loss) bef. taxes	$ (538,000)	$ 387,000
Income tax (credit)	(9,000)	149,000
Net Income (Loss)	$ (529,000)	$ 238,000

Assets

As of	2/1/86	2/2/85
Cash	$ 1,145,000	$ 50,000
*Inventories	31,968,000	41,020,000
Prepaid expenses	1,801,000	2,680,000
Current Assets	$ 34,914,000	$ 43,750,000
#Fixed assets	16,583,000	18,888,000
Other assets	5,641,000	3,078,000
Total Assets	$ 57,138,000	$ 65,716,000

Liabilities

Notes payable	$ —	$ 17,525,000
Accts. payable	9,611,000	11,192,000
Accrued payroll	446,000	909,000
Other accruals	1,591,000	684,000
Local taxes	1,281,000	1,517,000
Income taxes	10,000	16,000
Long-term debt, curr.	978,000	2,446,000
Curr. Liabilities	$ 13,917,000	$ 34,289,000

Def. inc. taxes	—	9,000
Long-term debt	28,846,000	14,619,000
Cap. lease oblig.	4,474,000	6,369,000
+Common stock	1,748,000	1,748,000
Retained earnings	8,153,000	8,682,000
Total Liabilities & Shareholders' Equity	$ 57,138,000	$ 65,716,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.20
%Net Income to Sales	—	0.13
%Net Income to Equity	—	2.28
Sales to Inventories	5.36	4.61
Debt to Equity	3.01	3.32
Working Capital	$20,997,000	$9,461,000
Current Ratio	2.51	1.28
Shareholders' Equity	$9,901,000	$10,430,000

Dart Group Corporation

(formerly Dart Drug Corporation)

3300 75th Avenue
Landover, Maryland 20785
(301) 731-1200

Officers: Herbert H. Haft, chairman of the board & chief executive officer; Robert M. Haft, president & chief operating officer; Charles D. Shipe, exec. v.p. & treasurer; Ben Kovalsky, exec. v.p.; Adam W. Talarek, exec. v.p.; William E. Bolton, v.p.-loss prevention; Richard J. Koll, exec. v.p. & chief financial officer; Linda G. Haft, v.p.; Gloria G. Haft, v.p.; Robert B. Hirsch, asst. secretary; Dennis N. Weiss, v.p.-real estate; Ronald M. Hirschel, v.p., secretary & gen. counsel; Daniel A. Garcia, Jr., v.p.-personnel.

Directors: Herbert H. Haft, Gloria Haft, Robert Haft, Ben S. Kovalsky, Claudine B. Malone, Warren Tydings.

Business Activities: Operates retail discount auto parts stores through Trak Auto Corporation (a 66%-owned subsidiary), retail discount book stores through Crown Book Corporation (34% owned), and a financial business through Dart Group Financial Corporation.

Transfer Agent(s):

Riggs National Bank
Washington, D.C.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DRUGA (NASDAQ)

Sales and Earnings

	Net Sales *	Net Income +
1986	$ 119,349,000	$ 9,870,000
1985	90,225,000	82,322,000
1984	64,043,000	15,325,000
1983	48,502,000	17,412,000
1982	30,091,000	4,170,000

	No. of Com. Shares †	Earn. per Share ‡ +
1986	1,712,130	$ 5.28
1985	1,703,915	45.15
1984	1,684,389	8.80
1983	1,656,851	10.37
1982	1,641,393	2.51

* Of continuing operations only.
+ Including extraordinary gain of $8,300,000 ($4.94 per share) in 1983.
‡ Based on the weighted average number of Class A and Class B common stock outstanding.
† Class A and Class B common stock combined.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.13	—	—
1985	0.13	—	—
1984	0.13	—	—
1983	0.13	—	—
1982	0.13	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 197,566,000	$ 115.39
1985	187,576,000	110.09
1984	89,442,000	53.10
1983	47,892,000	28.91
1982	30,555,000	18.62

‡ Based on Class A and Class B common stock combined.

Income Account
(000's)

Year ended Jan. 31	1986	1985
Net sales	$ 97,833	$ 73,834
Inc. from bankers' accept.	7,315	—
Other income	14,201	16,391
Total Income	$ 119,349	$ 90,225
Cost of sales	75,540	54,388
Expenses	22,271	17,300
Depreciation & amortization	1,189	666
Interest expense	12,738	522
Unusual items	(13,275)	—
Income before taxes	$ 20,886	$ 17,349
Income taxes	9,648	7,917
Eq. in loss of affil.	1,098	2,027
Minority interest	270	1,093
Inc. - cont. oper.	$ 9,870	$ 6,312
Inc. - discont. oper.	—	76,010
Net Income	$ 9,870	$ 82,322

Assets
(000's)

As of Jan. 31	1986	1985
Cash	$ 2,611	$ 7,609
Bankers' accept.	160,194	—
Market. secur.	290,510	196,572
Accts. receiv., net	6,832	5,178
*Inventories	32,843	23,324
Other curr. assets	242	580
Current Assets	$ 493,232	$ 233,263
#Fixed assets	21,693	10,767
Share of eq. in Crown Books	8,737	6,441
Def. tax benefit	5,660	5,020
Other assets	755	752
Debenture costs	5,333	—
Total Assets	$ 535,410	$ 256,243

Liabilities
(000's)

Long-term debt, curr.	$ 600	$ 400
Accts. payable	16,818	11,185
Inc. taxes payable	6,710	9,063
Accrued payroll	2,342	11,473
Accrued taxes	956	593
Accrued interest	10,986	—
Other accruals	4,400	2,918
Oblig. under cap. leases, curr.	650	260
Curr. Liabilities	$ 43,462	$ 35,892
Long-term debt	74	677
Subord. deben.	247,537	—
Oblig. under cap. leases	17,856	6,847
Share of deficit of Trak Auto	10,585	7,191
Minority interest	18,330	18,060
+Common stock:		
Class A	1,612	1,603
Class B	303	303
Add. paid-in capital	48,431	48,132
Retained earnings	148,969	139,287
Treasury stock	(1,749)	(1,749)
Total Liabilities & Shareholders' Equity	$ 535,410	$ 256,243

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	21.35	—
%Net Income to Sales	10.09	—
%Net Income to Equity	5.00	43.89
Sales to Inventories	2.98	3.17
Debt to Equity	0.10	0.04
Working Capital	$449,770,000	$197,371,000
Current Ratio	11.35	6.50
Shareholders' Equity	$197,566,000	$187,576,000

Dayton Hudson Corporation

777 Nicollet Mall
Minneapolis, Minnesota 55402
(612) 370-6948

Officers: Kenneth A. Macke, chairman of the board & chief executive officer; Boake A. Sells, president; Gerald R. Gallagher, vice chairman & chief administrative officer; James T. Hale, sr. v.p. & secretary; John F. Kilmartin, Edwin H. Wingate, Bruce G. Allbright, Willard C. Shull, III, sr. v.p.'s; Peter Corcoran, Peter Hutchinson, Ann H. Barkelew, Larry E. Carlson, Thomas M. Etzkorn, Susan S. Boren, L. Fred Hamacher, David W. Beckley, v.p.'s; Karol D. Emmerich, v.p. & treasurer; William E. Harder, v.p. & asst. secretary; William P. Hise, asst. secretary.

Directors: Donald J. Hall, Kenneth A. Macke, Howard H. Kehrl, David T. McLaughlin, Bruce K. MacLaury, Roger L. Hale, Shirley Young, Rand V. Araskog, Robert A. Burnett, John A. Rollwager, Boake A. Sells, Gerald R. Gallagher.

Business Activities: Operates department stores, low margin stores, softline stores and specialty stores. These operations are located in 48 states, Washington, D.C. and Puerto Rico.

Divisions and Subsidiaries:

Department Stores

Dayton Hudson Department Store Company
Minneapolis, Minnesota
Operates 37 department stores.

Low Margin Stores

Target
777 Nicollet Mall
Minneapolis, Minnesota 55402
(612) 370-6073
Operates 226 stores located in 22 Midwestern and Western states.

Specialty Stores

Lechmere
88 1st Street
Cambridge, Massachusetts 02141
(617) 491-2000
Ten stores in Massachusetts, New Hampshire, Rhode Island, and New York.

B. Dalton Bookseller
9430 James Avenue South
Minneapolis, Minnesota 55431
(612) 884-2311
Operates 785 stores located in 37 states and Puerto Rico.

Softlines Stores

Mervyn's
25001 Industrial Boulevard
Hayward, California 94545
(415) 785-8800
Nationally branded and private label apparel, accessories and household softgoods.

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
New York, New York

Dayton Hudson Corporation

Stock Exchange(s): New York, Pacific

Ticker Symbol: DH

Number of Stores: (at fiscal year end)

	Dept. Stores	Target Stores	Specialty Stores	Mervyn's Stores
1985	37	26	795	148
1984	36	215	759	126
1983	54	205	707	109
1982	54	167	668	92
1981	54	151	585	80

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's)
1986	$ 8,793,400	$ 283,600
1985	8,009,000	259,300
1984	6,963,300	245,500
1983	5,660,700	206,700
1982	4,942,900	173,400

	No. of Com. Shares +	Earn. per Share +
1986	97,068,000	$ 2.92
1985	96,892,000	2.68
1984	96,601,000	2.54
1983	96,220,000	2.15
1982	95,788,000	1.18

‡ Of continuing operations only.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1986	1985
Department	$ 1,447,900	$ 1,547,800
Target	3,931,500	3,550,100
Specialty	887,000	770,000
Mervyn's	2,527,000	2,141,100
Total	$ 8,793,400	$ 8,009,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.785	—	—
1985	0.695	—	—
1984	0.625	—	2-for-1
1983	0.575	—	—
1982	0.525	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity (000's)	Equity Per Share +
1986	$ 1,947,355	$ 20.06
1985	1,736,502	17.92
1984	1,540,179	15.94
1983	1,348,763	14.02
1982	1,191,556‡	12.44

‡ After allowing for preferred stock at liquidation value of $100 per share.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account
(000's)

Year ended	2/1/86	2/2/85
Revenues	$ 8,793,372	$ 8,009,030
Cost of sales	6,278,260	5,709,483
Expenses	1,466,518	1,310,042
Depreciation	163,805	148,453
Rental expense	106,197	102,904
Interest exp.	83,292	81,457
Interest & depreciation on capital leases	24,422	24,333
Other taxes	146,304	136,239
Unusual expenses	—	16,777
Income before taxes	$ 524,574	$ 479,342
Income taxes	240,954	219,996
Net Income	$ 283,620	$ 259,346

Assets
(000's)

As of	2/1/86	2/2/85
Cash	$ 91,801	$ 59,462
Market. securities	96,422	2,500
Accts. receiv.,net	1,060,129	995,967
*Inventories	1,272,175	1,103,922
Other current assets	28,034	19,267
Current Assets	$ 2,548,561	$ 2,181,118
Fixed assets	1,731,885	1,490,958
Leased prop. under cap. leases	114,679	114,733
Non-curr. assets of discont. segment	22,389	13,041
Total Assets	$ 4,417,514	$ 3,799,850

Liabilities
(000's)

Long-term debt. curr. & cap. lease oblig.	$ 24,753	$ 10,356
Accts. payable	734,415	611,490
Accruals	375,983	322,541
Income taxes	109,213	104,302
Deferred income taxes	174,067	159,679
Curr. Liabilities	$ 1,418,431	$ 1,208,368
Long-term debt	794,514	625,442
Long-term cap. lease oblig.	128,149	125,197
Deferred income taxes	129,065	104,341
+Common stock	97,196	96,992
Add. paid-in capital	12,748	9,490
Retained earnings	1,837,411	1,630,020
Total Liabilities & Shareholders' Equity	$ 4,417,514	$ 3,799,850

* Using the retail inventory method (LIFO).
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.97	—
%Net Income to Sales	3.23	—
%Net Income to Equity	14.56	14.93
Sales to Inventories	6.91	7.26
Debt to Equity	0.49	0.44
Working Capital	$1,130,130,000	$ 972,750,000
Current Ratio	1.80	1.81
Shareholders' Equity	$1,947,355,000	$1,736,502,000

Deb Shops, Inc.

9401 Blue Grass Road
Philadelphia, Pennsylvania 19114
(215) 676-6000

Officers: Philip Rounick, chairman of the board; Aaron Weiner, vice chairman; Marvin Rounick, president & chief exec. officer; Warren Weiner, exec. v.p., secretary & treasurer; Lester E. Wolser, v.p.-finance & chief financial officer; Barry Vesotsky, v.p.-merchandising; Traci Jan Morrow, v.p.-store operations; Leonard Reed, v.p.-operatons; Crawford Grogan, v.p.-display; Marvin Waxman, controller.

Directors: Philip Rounick, chairman; Aaron Weiner, Marvin Rounick, Warren Weiner, Jack A. Rounick, Thomas J. Byrne, Jr.

Business Activities: Operates a chain of specialty apparel stores offering moderately priced, fashionable, coordinated sportswear, dresses, coats and acessories to the junior-sized female, in 29 states.

Transfer Agent(s):
Philadelphia National Bank
Philadelphia, Pennsylvania

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DEBS (NASDAQ)

Number of Stores: (at fiscal year end)
1985 . . . . . . 190 1984 161

Sales and Earnings

	Net Sales	Net Income
1986	$ 147,104,000	$ 10,350,000
1985	120,405,000	7,850,000
1984	95,514,000	7,504,000
1983	70,329,000	5,505,000
1982	48,438,000	2,781,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	7,530,817	$ 1.37
1985	7,501,619	1.04
1984	7,518,441	0.99
1983	N.A.	0.72
1982	N.A.	0.31

N.A. - Not Available.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.183	—	3-for-2
1985	0.133	—	—

Common Stock Equity

	Total Equity +	Equity Per Share ‡
1986	$ 39,126,126	$ 5.18
1985	29,733,769	3.96
1984	22,938,500	3.05
1983	15,489,497	2.04

+ After allowing for preferred stock at par value.
‡ Adjusted to reflect stock split.

Income Account

Year ended Jan. 31	1986	1985
Net sales	$ 147,104,401	$ 120,404,657
Other income	1,286,260	1,098,527
Cost of sales	105,115,390	85,898,093
Expenses	21,649,065	18,068,823
Depreciation	1,921,065	1,689,652
Loss on investments	—	572,547
Income before taxes	$ 19,705,141	$ 15,274,069
Income taxes	9,355,000	7,423,600
Net Income	$ 10,350,141	$ 7,850,469

Assets

As of Jan. 31	1986	1985
Cash	$ 28,893,901	$ 18,696,803
*Inventories	14,214,833	12,419,141
Prepaid expenses	2,453,525	874,296
Current Assets	$ 45,562,259	$ 31,990,240
#Fixed assets	14,347,491	12,705,095
Total Assets	$ 59,909,750	$ 44,695,335

Liabilities

Accts. payable	$ 13,567,672	$ 9,439,428
Accruals & taxes	2,215,043	1,619,026
Income taxes	2,960,041	1,862,244
Curr. Liabilities	$ 18,742,756	$ 12,920,698
Cap. lease oblig.	2,040,408	2,040,408
+Preferred stock	460	460
+ +Common stock	75,793	50,000

Add. paid-in capital	1,282,634	284,759
Retained earnings	38,287,626	29,399,010
Treasury stock	(519,927)	—
Total Liabilities & Shareholders' Equity	$ 59,909,750	$ 44,695,335

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.
+ + $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.40	12.69
%Net Income to Sales	7.04	6.52
%Net Income to Equity	26.45	26.40
Sales to Inventories	10.35	9.70
Debt to Equity	0.05	0.07
Working Capital	$26,819,503	$19,069,542
Current Ratio	2.43	2.48
Shareholders' Equity	$39,126,586	$29,734,229

Delchamps, Inc.

305 Delchamps Drive
P.O. Box 1668
Mobile, Alabama 36633
(205) 433-0431

Officers: A.F. Delchamps, Jr., chairman, president & chief exec. officer; Robert J. McCallum, exec. v.p.; Joel O. Swanson, v.p. & secretary; John F. Feagan, v.p.-finance & planning; James N. Giddeon, v.p.-merchandising; Walter M. Rhodes, v.p.-operations; John R. Delchamps, v.p.-real estate; John H. Holland, v.p. & controller; Donald A. Mathews, v.p.-distribution; Annie D. Moore, treasurer; O.H. Delchamps, Jr., chairman of the executive committee; O.H. Delchamps, Sr., vice chairman of the board.

Directors: A.F. Delchamps, Jr., chairman of the board; John A. Caddell, William W. Crawford, John R. Delchamps, O.H. Delchamps, Sr., O.H. Delchamps, Jr., T. Robert Fiddler, Annie D. Moore, Joel O. Swanson.

Business Activities: Operates 86 supermarkets in Alabama, Florida, Mississippi, and Louisiana.

Transfer Agent(s):

RepublicBank Dallas, N.A.
P.O. Box 2964
Dallas, Texas 75265

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DLCH (NASDAQ)

Number of Stores: (at fiscal year end)

1985	85	1982	66
1984	78	1981	64
1983	73		

Sales and Earnings

	Net Sales	Net Income
1985	$ 631,084,000	$ 9,608,000
1984	587,506,000	8,514,000
1983	535,786,000	6,906,000
1982*	501,037,000	6,692,000
1981	391,424,000	5,950,000

	No. of Com. Shares ‡	Earn. per Share ‡
1985	6,994,000	$ 1.37
1984	6,509,000	1.31
1983	5,896,000	1.17
1982*	5,781,000	1.16
1981	5,561,000	1.07

* 53 weeks.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.28	—	—
1984	0.32	—	8-for-1
1983	0.26	—	—
1982	0.26	—	—
1981	0.22	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 67,181,000	$ 9.61
1984	59,532,000	9.15
1983	40,204,000	6.82
1982	34,007,000	5.88
1981	27,851,000	5.01

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended	6/29/85	6/30/84
Net sales	$ 631,083,904	$ 587,505,724
Cost of sales	496,138,016	462,837,770
Expenses	121,097,506	110,536,480
Interest expense	3,313,514	2,065,339
Interest income	(2,580,991)	(1,490,133)
Loss (gain) on dispos. of prop.	914	(61,565)
Income before taxes	$ 13,114,945	$ 13,617,833
Income taxes	3,506,976	5,103,760
Net Income	$ 9,607,969	$ 8,514,073

* Included in Costs and Expenses, Depreciation and Amortization: $8,312,377 in 1985 and $7,303,462 in 1984.

Assets

As of	6/29/85	6/30/84
Cash	$ 2,961,120	$ 3,408,545
Short-term invest.	30,700,668	20,398,000
Accts. receiv., net	1,862,682	979,520
Other receivables	676,987	478,629
*Inventories	42,350,209	33,924,707
Prepaid expenses	798,427	658,794
Current Assets	$ 79,350,093	$ 59,848,195
Construction fund	—	2,216,151
Investments	—	8,560,358
#Fixed assets	69,178,595	50,188,120
Def. income taxes	—	770,662
Deposits	641,434	553,085
Value of insur. policy	1,803,401	1,346,503
Other assets	709,716	767,269
Total Assets	$ 151,683,239	$ 124,250,343

Liabilities

Cap. lease oblig., curr.	$ 1,541,011	$ 683,328
Long-term debt, curr.	166,409	190,412
Accts. payable	28,5515,864	23,961,791
Accruals	12,272,669	9,317,977
Dividneds payable	489,551	489,551
Income taxes	1,006,272	1,064,895
Curr. Liabilities	$ 43,991,776	$ 35,707,954
Cap. lease oblig.	25,337,957	15,829,225
Long-term debt	11,422,884	10,599,822
Deferred compensation	3,385,060	2,581,840
Deferred inc. taxes	364,294	—
+ Common stock	69,935	69,935
Add. paid-in capital	19,866,771	19,866,771
Retained earnings	47,244,562	39,594,796
Total Liabilities & Shareholders' Equity	$ 151,683,239	$ 124,250,343

* At lower of cost or market; 87% in 1985, 82% in 1984 at LIFO; remainder at FIFO.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.08	2.32
%Net Income to Sales	1.52	1.45
%Net Income to Equity	14.30	14.30
Sales to Inventories	14.90	17.32
Debt to Equity	0.57	0.46
Working Capital	$35,358,317	$24,140,241
Current Ratio	1.80	1.68
Shareholders' Equity	$67,181,268	$59,531,502

Dillard Department Stores, Inc.

900 West Capitol Avenue
Little Rock, Arkansas 72201
(501) 376-5200

Mailing Address:
Post Office Box 486
Little Rock, Arkansas 72203

Officers: William Dillard, chairman of the board & chief exec. officer; William Dillard, II, president & chief operating officer; E. Ray Kemp, vice chairman of the board & chief administrative officer; Alex Dillard, Mike Dillard, exec. v.p.'s; J.K. Jameson, III, v.p. & secretary-treasurer; Don C. Bradley, G. Kent Burnett, Wynelle Chapman, Drue Corbusier, James E. Darr, Jr., Charles E. Franzke, John A. Franzke, Bernie Goldstein, T.R. Gastman, Louis V. McGaugh, C.F. Plunkett, J.B. Wilson, W.R. Appleby, Harry D. Passow, J.W. Sherburne, David M. Doub, Dick Roberds, Burt Squires, Jan E. Bolton, Joe Brennan, A.B. Cannon, William Cummins, Charles A. Hobbs, Richard Maney, Kathy Mayes, M.E. Ritchie, Jr., Michael S. McNiff, Joseph W. Story, vice presidents.

Directors: William Dillard, chairman; John K. Riedy, Will D. Davis, William Dillard II, E. Ray Kemp, A.C.R. Dreesmann, Clarence Barksdale, Alexander Dillard, Calvin N. Clyde, Jr., J. Michael Dillard, Anne M. McCarthy, B. Finley Vinson, James D. Berry, G. Larry Kelley.

Business Activities: Operates department stores in Arkansas, Tennessee, Texas, New Mexico, Oklahoma, Missouri, Kansas, Louisiana, Nevada, Arizona and Illinois.

Acquisition(s):

R.H. Macy & Co., Inc. Midwest Division

Twelve-store Macy division operating 10 stores in Kansas City, Missouri, and one each in Wichita and Topeka, Kansas.

Transfer Agent(s):

Centerre Trust Company
St. Louis, Missouri

Stock Exchange(s): American

Ticker Symbol: DDSA

Number of Stores: (at fiscal year end)

1986	101	1983	65
1985	93	1982	56
1984	66		

Sales and Earnings

	Net Sales ‡	Net Income
1985	$1,601,357,000	$ 66,903,000
1984*	1,277,380,000	49,558,000
1983	847,485,000	34,139,000
1982	711,323,000	21,956,000
1981	592,867,000	16,259,000

	No. of Com. Shares #	Earn. per Share #
1985	29,206,490	$ 2.29
1984*	27,314,576	1.82
1983	24,692,436	1.38
1982	23,533,912	0.93
1981	23,490,064	0.69

* 53 weeks.
‡ Includes leased departments.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1985	$0.105	—	2-for-1
1984	0.0875	—	2-for-1

1983	0.075	—	—
1982	0.05	—	2-for-1
1981	0.05	—	—

# Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity +	Equity Per Share #
1985	$ 361,893,000	$ 12.42
1984	297,913,000	10.24
1983	185,113,000	7.36
1982	136,851,000	5.81
1981	115,963,000	4.94

# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.
+ After allowing for preferred stock at par value.

Income Account

Year ended	2/1/86	2/2/85 (53 weeks)
Net sales	$1,601,357,000	$1,277,280,000
Other income	59,506,000	40,924,000
Total Income	$1,660,863,000	$1,318,204,000
Cost of sales	1,016,199,000	811,522,000
Expenses	39,917,000	325,624,000
Depreciation & amortization	45,022,000	30,435,000
Rentals	$ 32,600,000	$ 25,295,000
Interest & debt expenses	45,022,000	37,720,000
Income before taxes	$ 114,903,000	$ 87,608,000
Income taxes	48,000,000	38,050,000
Net Income	$ 66,903,000	$ 49,558,000

Assets

As of	2/1/86	2/2/85
Cash	$ 20,856,000	$ 28,599,000
Accts. receiv., net	23,698,000	34,882,000
Other receiv.	56,972,000	54,335,000
*Inventories	305,781,000	252,239,000
Prepaid expenses & supplies	1,555,000	1,886,000
Current Assets	$ 408,862,000	$ 371,941,000
Investments & other assets	47,733,000	38,814,000
#Fixed assets	394,189,000	325,736,000
Building under cap. leases	10,817,000	11,696,000
Total Assets	$ 861,601,000	$ 748,187,000

Liabilities

Long-term debt, curr.	$ 19,266,000	$ 18,069,000
Cap. lease oblig., curr.	899,000	836,000
Accts. payable & accruals	164,367,000	134,102,000
Income taxes	25,341,000	13,813,000
Deferred inc. taxes	51,770,000	45,738,000
Curr. Liabilities	$ 261,643,000	$ 212,558,000
Long-term debt	186,070,000	194,661,000
Cap. lease oblig.	14,676,000	15,575,000
Deferred inc. taxes	36,879,000	27,040,000
+ Preferred stock	440,000	440,000
+ + Common stock	36,575,000	36,508,000
Add. paid-in capital	99,774,000	99,687,000
Retained earnings	225,812,000	161,986,000
Treasury stock	(268,000)	(268,000)
Total Liabilities & Shareholders' Equity	$ 861,601,000	$ 748,187,000

* Lower of cost (LIFO) or market.
# Less accumulated depreciation & amortization.
+ $100 par value; 5% cumulative.
+ + No par value.

Statistical Summary

%Income bef. Taxes to Sales	7.18	6.86
%Net Income to Sales	4.18	3.88
%Net Income to Equity	18.46	16.61
Sales to Inventories	5.24	5.06
Debt to Equity	0.61	0.77
Working Capital	$147,219,000	$159,383,000
Current Ratio	1.56	1.75
Shareholders' Equity	$362,333,000	$298,353,000

Dollar General Corporation

427 Beech Street
Scottsville, Kentucky 42164
(502) 237-5444

Officers: Cal Turner, chairman of the board; Cal Turner, Jr., president; Steve Turner, exec. v.p.; Edward Burke, v.p.-finance; Bob Carpenter, v.p.-administration; Jim Barton, v.p.-retail operations.

Directors: Cal Turner, Cal Turner, Jr., Robert C. Clinard, Hubert Craddock, Steve Turner, Lawrence A. Apples, Edward Burke, Herb Wardlow.

Business Activities: Engaged in the sale of soft goods, housewares, health and beauty aids, and shoes through company-owned retail stores and at wholesale to affiliated retail stores. The company-owned stores are located in 23 states, with the strongest concentration in Florida, Kentucky and Tennessee. All are operated under the name "Dollar General Stores". Most of the 43 associated retail stores for which the company is wholesaler are operated pursuant to franchise agreements.

Transfer Agent(s):

Third National Bank
Stock Transfer Department
Second Floor
170 Fourth Avenue North
Nashville, Tennessee 37219

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DOLR (NASDAQ)

Number of Stores: (at fiscal year end)

	Company Owned Units	Assoc. Stores
1985	1,278	43
1984	1,080	48
1983	1,127	57
1982	823	60
1981	761	65

Sales and Earnings

	Net Sales	Net Income
1985	$ 584,437,000	$ 17,829,000
1984	480,514,000	20,598,000
1983	346,655,000	15,126,000
1982	290,069,000	11,333,000
1981	245,453,000	7,208,000

	No. of Com. Shares +	Earn. per Share #
1985	18,791,000	$ 0.95
1984	18,781,200	0.10
1983	18,786,029	0.81
1982	18,743,437	0.60
1981	18,750,067	0.38

+ Adjusted to reflect stock dividends and stock splits.
# Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.20	—	6-for-5
1984	0.17	—	—
1983	0.13	—	2-for-1
1982	0.11	10%	2-for-1
1981	0.09	10%	—

+ Adjusted to reflect stock dividends and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 107,955,000	$ 5.75
1984	93,916,000	5.00
1983	76,582,000	4.08
1982	63,825,000	3.41
1981	54,580,000	2.91

‡ Adjusted to reflect stock dividends and stock splits.

Income Account *

Year ended Dec. 31	1985	1984
Net sales	$ 584,437,000	$ 480,514,000
Cost of sales	411,904,000	337,029,000
Expenses	130,413,000	99,341,000
Interest expense	7,341,000	4,146,000
Income before taxes	$ 34,779,000	$ 39,998,000
Income taxes	16,950,000	19,400,000
Net Income	$ 17,829,000	$ 20,598,000

* Included in Costs and Expenses, Depreciation: $4,501,000 in 1985 and $2,971,000 in 1984.

Assets

As of Dec. 31	1985	1984
Cash & cash equiv.	$ 6,833,000	$ 4,681,000
*Inventories	178,158,000	142,264,000
Other assets	4,364,000	2,530,000
Current Assets	$ 189,355,000	$ 149,475,000
#Fixed assets	23,471,000	18,509,000
Other assets	14,740,000	5,979,000
Total Assets	$ 227,566,000	$ 173,963,000

Liabilities

Long-term debt, curr.	$ 6,495,000	$ 875,000
Accts. payable & accruals	38,560,000	42,650,000
Income taxes	5,138,000	5,760,000
Curr. Liabilities	$ 50,193,000	$ 49,285,000
Long-term obligations	64,265,000	26,950,000
Deferred inc. taxes	5,153,000	3,812,000
+ Common stock	11,070,000	11,070,000
Add. paid-in capital	20,472,000	20,406,000
Retained earnings	78,814,000	64,760,000
Treasury stock	(2,401,000)	(2,320,000)
Total Liabilities & Shareholders' Equity	$ 227,566,000	$ 173,963,000

* At cost (LIFO) using the retail method, which is not in excess of market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.95	8.32
%Net Income to Sales	3.05	4.29
%Net Income to Equity	16.52	21.93
Sales to Inventories	3.28	3.38
Debt to Equity	0.66	0.30
Working Capital	$139,162,000	$100,190,000
Current Ratio	3.77	3.03
Shareholders' Equity	$107,955,000	$ 93,916,000

The Dress Barn, Inc.

88 Hamilton Avenue
Stamford, Connecticut 06902
(203) 327-4242

Officers: Elliot S. Jaffe, chairman, president & chief exec. officer; Roslyn S. Jaffe, secretary & treasurer; Michael Palmer, v.p.-finance & asst. secretary; Burt Steinberg, v.p.-merchandising; Charles Wichtendahl, dir. of operations; Arthur Ziluck, merchandise mgr.; Elise Jaffe, dir. of real estate.

Directors: Elliot S. Jaffe, chairman of the board; Roslyn S. Jaffe, Saul Kwartin, Lionel M. Levey, Michael Palmer, Burt Steinberg.

Business Activities: Operates a chain of off-price women's apparel stores, principally under the name "Dress Barn."

Transfer Agent(s):

Midlantic National Bank
Metro Park Plaza
Edison, New Jersey 08818

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DBRN (NASDAQ)

Number of Stores: (at fiscal year end)

1985	156	1982	49
1984	100	1981	38
1983	70		

Sales and Earnings

	Net Sales	Net Income
1985	$ 103,015,625	$ 5,303,250
1984	61,601,840	2,806,080
1983	43,704,612	1,675,400
1982	32,473,960	749,272
1981	24,125,274	551,274

	No. of Com. Shares	Earn. per Share ‡
1985	4,400,381	$ 1.21
1984	4,400,000	0.64
1983	4,096,000	0.41
1982	4,000,000	0.19
1981	4,000,000	0.14

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 16,732,762	$ 3.80
1984	11,239,190	2.55
1983	8,293,610	2.02
1982	2,703,540	0.68
1981	1,954,268	0.49

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended	7/27/85	7/28/84
Net sales	$ 103,015,625	$ 61,601,840
Cost of sales	65,109,932	39,790,530
Expenses	27,955,250	16,914,615
Interest income	(600,607)	(375,885)
Income before taxes	$ 10,551,050	$ 5,272,580
Income taxes	5,247,800	2,466,500
Net Income	$ 5,303,250	$ 2,806,080

* Included in Costs and Expenses, Depreciation and Amortization: $891,534 in 1985 and $588,644 in 1984.

Assets

As of	7/27/85	7/28/84
Cash & cash equiv.	$ 3,412,717	$ 2,636,213
Investments	4,117,229	4,200,472
Refundable taxes	44,518	—
*Inventories	13,268,200	8,494,422
Prepaid expenses	1,722,388	203,295
Current Assets	$ 22,565,052	$ 15,534,402
#Fixed assets	7,296,789	4,518,294
Other assets	337,678	250,347
Total Assets	$ 30,199,519	$ 20,303,043

Liabilities

Notes payable	$ 25,000	$ 25,000
Accts. payable	8,608,811	5,425,514
Accruals	2,622,036	2,166,535
Customer credits	750,137	516,442
Income taxes	—	583,089
Deferred income taxes	831,455	—
Curr. Liabilities	$ 12,837,439	$ 8,716,580
Long-term debt	50,000	75,000
Deferred inc. taxes	579,318	272,273
+Common stock	220,370	110,000
Add. paid-in capital	4,151,208	4,071,256
Retained earnings	12,361,184	7,057,934
Total Liabilities & Shareholders' Equity	$ 30,199,519	$ 20,303,043

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.24	8.56
%Net Income to Sales	5.15	4.56
%Net Income to Equity	31.69	24.97
Sales to Inventories	7.76	7.25
Working Capital	$ 9,727,613	$ 6,817,822
Current Ratio	1.76	1.78
Shareholders' Equity	$16,732,762	$11,239,190

Duckwall-ALCO Stores, Inc.

(As of September 30, 1985, the Company became a privately owned corporation.)

401 Cottage Street
Abilene, Kansas 67410
(913) 263-3350

Officers: A.L. Duckwall, Jr., chairman of the board; R.R. Soelter, president & chief executive officer; Gary Lowry, v.p.-finance; C.L. Verble, vice president-real estate; J.E. Schoenbeck, v.p.-admin.; L.H. Johnsen, v.p.-operations; Dennis Alesio, v.p.-personnel; Charles E. Bogan, v.p.-legal, gen. counsel & secretary; Steve Marsh, controller; Dale Morris, Glen Shank, v.p.'s-merchandise.

Directors: A.L. Duckwall, Jr., Charles E. Bogan, Philip R. Clarke, Jr., R.R. Soelter, G.W. Lowry, D.C. Ferguson, Dave Grunfest, Jr., Jordan L. Haines, Thomas E. Johnston, A.L. Mayersohn, Sr.

Business Activities: Operates Duckwall Variety Stores and ALCO Discount Stores in 12 Midwestern and Southwestern states.

Number of Stores: (at fiscal year end)

1984	160	1981	109
1983	114	1980	106
1982	115		

Sales and Earnings ×

	Net Sales	Net Income
1986*	$ 137,894,000	$ 1,091,000

	No. of Com. Shares	Earn. per Share
1986*	1,000	$ —

* 4 months.
× On Sept. 30, 1985, the company was acquired by H.D. Holding Company Inc. pursuant to a merger of H.D. Acquisition Subsidiary with and into the Company. As a result of the merger, the company has become a wholly-owned subsidiary of H.D. Holding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 17,450,000	$ —

Income Account

Year ended Jan. 31	1986 (4 months)
Net sales	$ 137,894,000
Cost of sales	97,568,000
Expenses	29,743,000
Depreciation & amortization	1,184,000
Profit sharing contrib.	653,000
Interest expense	4,429,000
Interest - cap. lease oblig.	893,000
Amort. of prop. - cap. leases	830,000
Prov. for loss - early store clos.	767,000
Income before taxes	$ 1,827,000
Income taxes	736,000
Net Income	$ 1,091,000

Assets

As of	1/31/86	10/1/85
Cash	$ 711,000	$ 3,951,000
Accts. receiv., net	854,000	1,512,000
Refundable taxes	1,407,000	2,044,000
*Inventories	105,665,000	124,595,000
Other curr. assets	1,113,000	930,000
Rl. est. held for resale	5,318,000	2,436,000
Current Assets	$ 115,068,000	$ 135,468,000
#Fixed assets	35,836,000	38,374,000
Prop. under cap. leases	19,691,000	18,807,000
Bargain leasehold interests	5,221,000	5,401,000
Other assets	559,000	500,000
Total Assets	$ 176,375,000	$ 198,550,000

Liabilities

Notes payable-revolv. credit	$ 53,841,000	$ 55,963,000
Notes payable - bank	4,400,000	3,500,000
Long-term debt, curr.	6,953,000	2,783,000
Accts. payable	19,026,000	43,091,000
Accrued payroll	1,740,000	1,927,000
Accrued taxes	3,458,000	3,598,000
Other curr. liab.	4,148,000	2,870,000
Curr. Liabilities	$ 93,566,000	$ 113,732,000
Long-term debt	36,444,000	40,591,000
Cap. lease oblig.	22,077,000	20,783,000
Present value - future lease pay.	5,703,000	5,948,000
Other non-curr. liab.	900,000	896,000
Deferred inc. taxes	235,000	—
+Common stock	1,000	1,000
Add. paid-in capital	16,599,000	16,599,000
Retained earnings	850,000	—
Total Liabilities & Shareholders' Equity	$ 176,375,000	$ 198,550,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.32	—
%Net Income to Sales	0.79	—
%Net Income to Equity	6.25	—
Sales to Inventories	1.31	—
Debt to Equity	7.09	7.45
Working Capital	$21,502,000	$21,736,000
Current Ratio	1.23	1.19
Shareholders' Equity	$17,450,000	$16,600,000

Dylex Limited

637 Lake Shore Boulevard West
Toronto, Ontario, M5V 1A8, Canada
(416) 591-7000

Officers: J. F. Kay, chairman of the board; Wilfred Posluns, president & chief exec. officer; Irving Posluns, exec. v.p. & treasurer; Kenneth Axelrod, v.p.-Manchester Clothing; Gordon Edelstone, v.p.-Tip Top; Irving Levine, v.p.-Fairweather; Sydney Loftus, v.p.-Dylex Real Estate; Paul Mancini, v.p.-Weston Apparel; Joel N. Cooper, v.p.-Braemer; Lionel Robins, v.p.-Fairweather; Harry Rosen, v.p.-Harry Rosen Men's Wear; Henry Zagdanski, v.p.-Nu Mode Dress; David Beiles, v.p.-Big Steel Man; Donald J. Evans, v.p.-Tip Top; Conrad LeDrew, v.p.-Big Steel Man; Mickey Maklin, v.p.-Thrifty's; Stewart Robins, v.p.-Thrifty's; B. Chris Schwartz, v.p.-corp. development; Glenn A. Stonehouse, v.p.-Thrifty's; David Wolpin, v.p.-Big Steel Man; Jerome A. Corngold, v.p.-Tobias Kotzin; Gunter Leverenz, v.p.-distribution; Harry Steinberg, v.p.-Fairweather; Donald Williams, secretary.

Directors: Kenneth Axelrod, D.W. Casey, J.F. Kay, S.F. Kay, David Korn, Irving Levine, Sydney Loftus, Irving Posluns, Wilfred Posluns, Lionel Robins, Harry Rosen, S.M. Sigel, W.H. Singer, H.J. Stitt, Henry Zagdanski, A.H. Zaldin, Irving Teitelbaum, Richard Posluns, Gordon Edelstone, Donald J. Evans, Russell Jacobsen, B. Chris Schwartz, Donald A. Williams.

Business Activities: Engaged in the specialty merchandising of apparel with women's, men's and family retail clothing stores located throughout Canada. Stores operate under such names as Fairweather, Big Steel Man, Braemar, Suzy Shier/L.A. Express, Tip Top, Harry Rosen, Thrifty's, B.H. Emporium and Bi-Way. Manufactures women's and children's coats and dresses marketed under such brand names as "Young Canadian," "Thunder Bay," "Irving Posluns," "Pic Knit," and "Nu Mode." The Shoe Shoppe, in which Dylex has a 50% interest, operates free standing Rubys, Feathers, Fantasia and Diva shoe stores and shoe departments. Dylex holds a 50% interest in Town & Country, a chain of sports and casual women's wear stores.

Retail Divisions and Subsidiaries:

B.H. Emporium Division
637 Lakeshore Boulevard West
Toronto, Ontario, M5V 1A8

Big Steel Man Division
637 Lakeshore Boulevard West
Toronto, Ontario, M5V 1A8

Braemar Division
637 Lakeshore Boulevard West
Toronto, Ontario, M5V 1A8

Fairweather
637 Lakeshore Boulevard West
Toronto, Ontario, M5V 1A8

Tip Top Tailors Division
637 Lakeshore Boulevard West
Toronto, Ontario, M5V 1A8

Suzy Shier Inc. (50.1% owned)
1604 St. Regis Boulevard
Dorval, Quebec, H9P 1H6

Bi-Way Stores Limited (100% owned)
115, Commmander Blvd.
Scarborough, Ontario, M1S 3M7

Town & Country/Petites (50% owned)
4100 Weston Road
Toronto, Ontario, M9L 2Y6

Manchester Manufacturing Inc. (42% interest)
Bridge Street
Colebrook, New Hampshire 03576

NBO Stores Inc. (50% interest)
60 Enterprise Avenue
Secaucus, New Jersey 07094

Harry Rosen Inc. (51% owned)
111 Richmond Street West
Toronto, Ontario, M5H 2G4

Target Apparel Division (Intergrated Manufacturing)
965 Weston Road
Toronto, Ontario, M6N 3R4

The Shoe Shoppe Limited (50% owned)
85 Scarsdale Road
Don Mills, Ontario, M3B 2R2

Thrifty Riding & Sport Shop Limited
637 Lakeshore Blvd. W.
Toronto, Ontario, M4V 1A8

Weston Apparel Manufacturing Division (Intergrated Manufacturing)
965 Weston Road
Toronto, Ontario, M6N 3R4

Brooks Fashion Stores Inc.
370 Seventh Ave.
New York, N.Y. 10001

The Wet Seal Inc. (78% owned by Suzy Shier, Inc.)
1852 Kaiser
Irvine, California 92714

Club International, Inc.
Fox Valley Shopping Centre
Highway 59 & 65
Aurora, Illinois 60505
Foxmoor Chain (39% interest)
393 Manley Street
West Bridgewater, Mass 02379

Transfer Agent(s):

National Trust Company, Limited
21 King St. East
Toronto, Ontario, Canada

Stock Exchange(s): Toronto, Montreal

Ticker Symbol: DLX

Number of Stores: (at fiscal year end)

1985	2,680	1982	824
1984	2,500	1981	754
1983	998		

Sales and Earnings

	Net Sales (000's)	Net Income ‡ (000's)
1985	$ 1,082,133	$ 46,753
1984	926,676	41,196
1983	822,404	31,484
1982	549,127	17,273
1981	495,358	16,500

	No. of Com. Shares #	Earn. per Share ‡ #
1985	46,689,000	$ 1.00
1984	46,689,000	0.88
1983	44,232,000	0.71
1982	35,856,000	0.48
1981	35,706,000	0.46

‡ Before extraordinary items.
# Based on the average number of common shares and Class A shares combined adjusted to reflect stock dividend and stock split.

Revenues By Line of Business
(000's)

	1985	1984
Retail	$ 998,657	$ 853,734
Fashion manufacturing	83,476	72,942
Total	$ 1,082,133	$ 926,676

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1985	$0.19	—	3-for-1
1984	0.17	—	—
1983	0.13	—	—
1982	0.09	100%	—
1981	0.08	—	—

‡ On common shares and Class A shares; adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1985	$ 269,031,000	$ 5.76
1984	225,636,000	4.83
1983	190,221,000	4.30
1982	110,627,000	3.09
1981	96,462,000	2.70

‡ Based on the number of common shares and Class A shares combined adjusted to reflect stock dividend and stock split.

Income Account
(000's)

Year ended	2/1/86	2/2/85
Net sales	$ 1,082,133	$ 926,676
Cost of sales	967,217	845,817
Depreciation & amortization	20,362	16,010
Interest expense (income)	4,149	(1,205)
Income before taxes	$ 90,405	$ 66,054
Income taxes	42,701	30,715
Inc. from invest.	(2,564)	(7,345)
Minority interest	3,515	1,488
Net Income	$ 46,753	$ 41,196

Assets
(000's)

As of	2/1/86	2/2/85
Cash & short-term deposits	$ 124,130	$ 87,878
Accts. receiv., net	23,100	16,363
Sundry debtors	1,648	2,360
*Inventories	135,331	130,139
Prepaid expenses	2,457	2,642
Current Assets	$ 286,666	$ 239,382
Investments	144,011	99,801
#Fixed assets	52,288	42,527
Leased assets under cap. leases	58,670	49,648
Intangibles	13,950	14,361
Total Assets	$ 555,585	$ 445,719

Liabilities
(000's)

Long-term debt, curr.	$ 1,808	$ 1,729
Accts. payable & accruals	109,570	91,383
Income & other taxes	15,637	12,760
Oblig. under cap. leases, curr.	11,942	10,298
Curr. Liabilities	$ 138,957	$ 116,170
Long-term debt	89,050	56,183
Oblig. under cap. leases	45,855	37,698
Minority interest	11,168	8,401
Deferred inc. taxes	1,524	1,631
+Common stock	1,687	1,687
+Class A stock	83,840	83,840
Add. paid-in capital	1,479	1,501
Ex. trans. adjust.	7,592	2,001
Retained earnings	174,433	136,607
Total Liabilities & Shareholders' Equity	$ 555,585	$ 445,719

* At lower of cost and net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	8.35	7.13
%Net Income to Sales	4.32	4.45
%Net Income to Equity	17.38	18.26
Sales to Inventories	8.00	7.12
Debt to Equity	0.55	0.47
Working Capital	$147,709,000	$123,212,000

Current Ratio	2.06	2.06
Shareholders' Equity	$269,031,000	$225,636,000

Edison Brothers Stores, Inc.

501 North Broadway
P.O. Box 14020
St. Louis, Missouri 63178
(314) 331-6000

Officers: Julian I. Edison, chairman of the board; Bernard A. Edison, president; Andrew E. Newman, exec. vice president; Eric P. Newman, exec. v.p. & secretary; Martin K. Sneider, exec. v.p.; vice presidents: G. Richard Oscarson-real estate, Bernard W. Colton-architecture & construction, Michael H. Freund-administration, Walter H. Heinecke-real estate, Arthur J. Hollenbach-traffic manager, George M. Spreiser-distribution centers, Lewis L. Pate-treasurer, Lee G. Weeks-corp. controller, Norman Gold-operating controller, M. Richard Wyman-corp. development, Frank P. Ricca, Jr.-real estate, Jerald M. Alton-asst. secretary, Dan Orlando-insurance, Thomas K. McCain-taxes, Joe C. Brown-real estate, Mark I. Litow-legal, Leonard Hubbard-personnel, Roger L. Koehnecke-information systems; Rodney F. Hill, Jerald M. Alton, Alfred L. Cortopassi, William P. Mohr, Alan A. Sachs; Benjamin T. Allen, Judy Smith, William J. Young, Ted Mueller, Paul J. Goldak, James G. Furla, asst. v.p.'s

Directors: Irving Edison, Bernard A. Edison, Julian I. Edison, Eric P. Newman, Henry Kohn, Walter H. Heinecke, Lee g. Weeks, Andrew E. Newman, Darryl R. Francis, Edward J. Schnuck, M. Richard Wyman, Martin Sneider, Harvey W. Rosen, Michael H. Freund, Peter J. Soloman.

Business Activities: Operates women's shoe stores under the names Chandlers, Bakers, Leeds, Burts and The Wild Pair; also operates leased shoe departments; Joan Bari Boutiques and Gussini shoe stores; and four chains of ready-to-wear clothing stores—Jeans West, Size 5-7-9 Shops, Fashion Conspiracy and Oak Tree.

Transfer Agent(s):

Fidata Trust Company
New York, New York 10004

Stock Exchange(s): New York

Ticker Symbol: EBS

Number of Stores: (at fiscal year end)

1985	2,435	1982	2,169
1984	2,355	1981	2,114
1983	2,175		

Sales and Earnings

	Net Sales	Net Income
1985	$ 808,380,000	$ 27,000,000
1984	785,900,000	32,900,000
1983	781,700,000	48,900,000
1982	715,600,000	23,200,000
1981	746,100,000	43,700,000

	No. of Com. Shares #	Earn. per Share #
1985	10,145,000	$ 2.66
1984	10,305,000	3.19
1983	10,831,000	4.51
1982	11,087,000	2.09
1981	11,344,000	3.84

# Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.60	—	—
1984	1.60	—	—
1983	1.48	—	—
1982	1.44	—	—
1981	1.38	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 215,900,000	$ 21.28
1984	282,600,000	27.42
1983	286,900,000	26.49
1982	259,400,000	23.40
1981	262,700,000	23.16

‡ Based on the weighted average number of common shares outstanding.

Income Account *
(000's)

Year ended	12/28/85	12/29/84
Net sales	$ 808,300	$ 785,900
Cost of sales	539,100	515,100
Expenses	206,200	202,100
Depreciation & amortization	22,600	20,300
Interest expense (income)	3,900	(200)
Gain on sale of rl. est.	(1,600)	(2,800)
Income before taxes	$ 38,100	$ 51,400
Income taxes	16,400	23,300
Inc.-cont. oper.	$ 21,700	$ 28,100
Inc.-discont. oper.	5,300	4,800
Net Income	$ 27,000	$ 32,900

Assets
(000's)

As of	12/28/85	12/29/84
Cash	$ 25,900	$ 18,000
Short-term invest.	21,800	9,200
*Inventories	129,500	143,500
Other curr. assets	14,300	14,700
Handyman assets	—	14,000
Current Assets	$ 191,500	$ 199,400
#Fixed assets	173,400	160,500
Other assets	23,300	22,300
Handyman curr. assets	—	27,400
Total Assets	$ 388,200	$ 409,600

Liabilities
(000's)

Long-term debt	$ 1,300	$ 2,500
Accts. payable	54,900	52,300
Payroll & vacations	10,100	9,300
Other accruals	4,800	12,500
Income taxes	2,300	3,300
Other taxes	10,500	9,200
Dividends payable	4,100	4,100
Curr. Liabilities	$ 88,000	$ 93,200
Long-term debt	66,700	18,000
Deferred inc. taxes & other credits	17,600	15,800
+ Common stock	10,200	10,100
Add. paid-in capital	400	—
Retained earnings	205,300	201,400
Eq. in handyman	—	71,100
Total Liabilities & Shareholders' Equity	$ 388,200	$ 409,600

* 61% at lower of cost (principally average) or market; 39% based on the retail method.
# Less accumulated depreciation & amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	12.51	11.64
Sales to Inventories	6.24	5.48
Debt to Equity	0.31	0.07
Working Capital	$103,500,000	$106,200,000
Current Ratio	2.18	2.14
Shareholders' Equity	$215,900,000	$282,600,000

The Elder-Beerman Stores Corp.

3155 El-Bee Road
Dayton, Ohio 45439
(513) 296-2700

Officers: Max Gutmann, chairman of the board & chief executive officer; Charles M. Waldron, vice chairman, president & chief administrative officer; Herbert O. Glaser, exec. v.p.; Harry A. Jensen, secretary; Paul E. Lazorski, sr. v.p.-operations; Bernard Gutmann, sr. v.p. & chief exec. officer-Bee-Gee Shoe Division; Rafael Furst, sr. v.p. & treasurer; Kenneth R. Epstein, sr. v.p.-administration; C. Wayne Harris, sr. v.p.; David W. Lovejoy, sr. v.p. & controller; Leonard B. Peal, v.p.-cost & leased departments; Raymond Clayman, asst. secretary.

Directors: Max Gutmann*, Richard J. Jacob*, Robert A. Kerr*, Sidney S. Kahn, Charles M. Waldron, Barbara Beerman Weprin*, Leonard B. Peal, Raymond Clayman, Herbert O. Glaser, Mrs. Arthur Beerman.

* Member of the Executive Committee.

Business Activities: Operates department stores serving the Dayton, Cincinnati, and Toledo, Ohio, metropolitan areas under the Elder-Beerman name. Also operates shoe departments and shoe stores in Ohio, Indiana, Kentucky, West Virginia, and Texas under the name "El-Bee Shoe Outlet"; 102 specialty stores (Margo's) featuring women's sportswear, dresses and shoes in Texas, Oklahoma, New Mexico, Arkansas, Ohio, Kentucky, Illinois and West Virginia; and two furniture showrooms. The Company also operates a credit finance subsidiary, the El-Bee Chargit Corp.

Divisions and Subsidiaries:

The El-Bee Chargit Corp.
3155 El-Bee Road
Dayton, Ohio 45439

Margo's Division
3909 Live Oak Drive
Dallas, Texas 75204

The Bee-Gee Shoe Division
153 E. Helena Street
Dayton, Ohio 45404

Transfer Agent(s):

Bank One, N.A.
Dayton, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ELDR (NASDAQ)

Number of Stores: (at fiscal year end)

	Dept. Stores	Shoe Stores	Office Outfit	Furniture Showrms.	Specialty Stores
1986	25	108	—	2	102
1985	21	103	—	2	106
1984	21	88	3	2	92
1983	21	82	3	3	89
1982	20	74	3	3	67

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 352,183,000	$ 10,011,000
1985*	311,926,000	7,254,000
1984	286,777,249	7,100,143
1983	262,455,000	1,762,034
1982	235,166,000	1,937,029

	No. of Com. Shares +	Earn. per Share ‡
1986	3,550,090	$ 2.82
1985*	3,546,176	2.04
1984	2,546,176	2.[illegible]
1983	2,546,176	0.50
1982	2,546,176	0.55

* 53 weeks.
‡ Including extraordinary gain of $1,998,000 ($0.56 per share) in 1986.
+ Based on the average number of shares outstanding adjusted to reflect stock dividends.

The Elder-Beerman Stores Corp.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$0.19	15%	—
1985	0.17	10%	—
1984	0.15	10%	—
1983	0.14	10%	—
1982	0.13	6%	—

‡ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 60,849,000	$ 17.14
1985	50,465,000	14.23
1984	43,835,000	12.36
1983	37,277,000	10.51
1982	36,004,000	10.15

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended	2/2/86	2/3/85
Net sales	$ 352,183	$ 311,926
Cost of sales	226,061	203,264
Expenses	75,712	65,659
Sales, salaries & comm.	28,150	25,443
Prov. for doubtful accts.	2,152	987
Interest expense	8,322	6,816
Other income	--	(1,177)
Income before taxes	$ 11,786	$ 10,934
Income taxes	3,773	3,680
Net Income	$ 8,013	$ 7,254
Extraord. gain	1,998	—
Net Income & extraord. gain	$ 10,011	$ 7,254

* Included in Costs and Expenses, Depreciation and Amortization: $5,073,000 in 1986 and $4,236,000 in 1985.

Assets
(000's)

As of	2/2/86	2/3/85
Cash	$ 1,803	$ 2,443
Accts. receiv., net	90,563	63,894
*Inventories	67,971	52,116
Prepaid expenses	2,534	2,042
Current Assets	$ 162,871	$ 120,495
#Fixed assets	41,758	23,588
Assets recorded under cap. leases	10,869	11,790
Other assets	3,927	1,516
Total Assets	$ 219,425	$ 157,389

Liabilities
(000's)

Revolv. credit agree.	$ 42,800	$ 23,400
Long-term debt, curr.	3,538	2,171
Bank note	3,000	—
Accts. payable	35,074	25,034
Accrued payroll	3,377	3,152
Deferred taxes	11,993	7,735
Current taxes	—	2,032
Other accruals	7,586	5,128
Curr. Liabilities	$ 107,368	$ 68,652
Long-term debt	51,208	38,272
+Common stock	3,628	3,155
Add. paid-in capital	29,228	17,913
Retained earnings	28,143	29,695
Treasury stock	(150)	(298)
Total Liabilities & Shareholders' Equity	$ 219,425	$ 157,389

* At lower of cost or market.
# Less accumulated depreciation.
+ $1 stated value.

Statistical Summary

%Income bef. Taxes to Sales	3.35	3.51
%Net Income to Sales	2.28	2.33
%Net Income to Equity	13.17	14.37
Sales to Inventories	5.18	5.99
Debt to Equity	1.65	1.27
Working Capital	$55,503,000	$51,843,000
Current Ratio	1.52	1.76
Shareholders' Equity	$60,849,000	$50,465,000

Evans, Inc.

36 South State Street
Chicago, Illinois 60603
(312) 855-2000

Officers: David Meltzer, chairman and president; Harold Sussman, executive vice president; Herbert S. Grant, v.p.-finance & treasurer; Robert Parraga, v.p.-personnel; Irving Karm, exec. v.p.-natl. operations; Robert R. Meltzer, v.p.-merchandising; Jo Simonton, v.p.-marketing; Samuel B. Garber, v.p., secretary & general counsel; Fred Handel, exec. v.p.-general fur merchandising manager; Barry Novick, v.p.-fur merchandising; Robert LaBelle, v.p.-leased fur departments.

Directors: D.B. Meltzer, chairman; Miles L. Berger, Robert K. Meltzer, David B. Heller, Harold Sussman, Burton L. Gordon, Edmond D. Cicala.

Business Activities: Owns and operates 22 women's apparel stores specializing in furs. The stores are located in Chicago, Washington, D.C., Dallas/Fort Worth, New Orleans, and Las Vegas. In addition, the company leases fur salons in 125 locations from 13 major department stores. The stores operate primarily under the names Evans, Koslow's and Rosendorf/Evans.

Transfer Agent(s):

American National Bank and Trust Company of Chicago
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbol: EVAN (NASDAQ)

Number of Stores: (at fiscal year end)

1985	22	1982	18
1984	18	1981	17
1983	18		

Sales and Earnings

	Net Sales ‡	Net Income
1986	$ 147,644,000	$ 1,733,000
1985	145,658,000	5,658,000
1984	136,001,006	6,441,000
1983	109,774,000	3,233,000
1982	94,894,000	1,789,000

	No. of Com. Shares #	Earn. per Share #
1986	3,969,571	$ 0.44
1985	4,567,050	1.24
1984	4,662,045	1.38
1983	4,175,073	0.77
1982	4,219,020	0.42

‡ Includes service and other revenues.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$0.03	—	9-for-1
1985	0.033	—	—
1984	0.033	—	—
1983	0.033	—	—
1982	0.033	—	—

# Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 37,277,000	$ 9.44
1985	35,508,000	9.02
1984	34,069,000	7.23
1983	26,089,000	6.23
1982	23,057,000	5.47

# Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	3/1/86	3/2/85
Net sales	$ 134,376	$ 133,197
Other income	13,268	12,461
Total Income	$ 147,644	$ 145,658
Cost of sales	89,294	87,237
Expenses	48,642	44,708
Prov. for doubt. accts.	832	710
Interest expense	4,440	3,415
Other income	(941)	(1,109)
Prov. for write-down of receiv. from Sakowitz	2,500	—
Income before taxes	$ 2,877	$ 10,697
Income taxes	1,144	5,039
Net Income	$ 1,733	$ 5,658

* Included in Costs and Expenses, Depreciation and Amortization: $2,254,000 in 1986 and $1,914,000 in 1985.

Assets
(000's)

As of	3/1/86	3/2/85
Cash	$ 2,327	$ 3,893
Receiv., net	30,905	34,436
*Inventories	27,986	26,924
Prepaid expenses	3,542	4,261
Current Assets	$ 64,760	$ 69,514
#Fixed assets	17,815	13,257
Other assets	3,763	4,542
Total Assets	$ 86,338	$ 87,313

Liabilities
(000's)

Notes payable - bank	$ 1,500	$ —
Revolving note payable	3,000	--
Long-term debt, curr.	2,306	2,126
Accts. payable	5,093	5,086
Accruals	9,835	8,652
Dividends payable	40	66
Income taxes	4,698	8,877
Curr. Liabilities	$ 26,472	$ 24,807
Long-term debt	19,188	23,866
Deferred compensation	3,401	3,132
+Common stock	1,087	1,087
Add. paid-in capital	2,413	2,271
Retained earnings	38,618	37,003
Treasury stock	(4,841)	(4,853)
Total Liabilities & Shareholders' Equity	$ 86,338	$ 87,313

* At lower of cost (invoice amount for furs & retail method) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.14	8.03
%Net Income to Sales	1.29	4.25
%Net Income to Equity	4.65	15.93
Sales to Inventories	4.80	4.95
Debt to Equity	0.70	0.73
Working Capital	$38,288,000	$44,707,000

Current Ratio	2.45	2.80
Shareholders' Equity	$37.277.000	$35.508.000

Evans Products Company

(Operating under Chapter 11 of the U.S. Bankruptcy Code.)

6917 Collins Avenue
Miami Beach, Florida 33141
(305) 866-7771

Mailing address:

P.O. Drawer K
Miami Beach, Florida 33141

Officers: Victor Posner, chairman & chief exec. officer; Steven Posner, vice chairman; Monford A. Orloff, president & chief operating officer; William C. Finkenstaedt, exec. v.p.; Maurice Grossman, exec. v.p. & president-Retail Group; Edward Kahn, exec. v.p.; Peter H. Koehler, exec v.p. & president-Forest Products Group; Donald J. Glazer, exec. v.p.; Melvin R. Colvin, Raymond Dettore, Walter Sieckman, sr. v.p.'s; Renee Mottram, sr. v.p.-administration; Jack Coopersmith, sr. v.p. & chief financial officer; Philip A. Smalley, Jr., sr. v.p.-human resources; Edward A. Christensen, v.p. & secretary; Harry T. Clew, v.p.; Robert C. Griffin, v.p., treasurer & asst. secretary; John Luby, v.p.; Leonard Liefert, v.p.; Tracy Posner, v.p., asst. secretary & asst. treasurer; Charles Boryenace, controller.

Directors: Melvin R. Colvin, R.W. deWeese, Donald A. Engel, Dante C. Fabiani, Monford A. Orloff*, Bernard I. Posner, Steven Posner*, Victor Posner*, Martin Rosen, Walter Sieckman, Thomas M. Thompson.

* Member of the Executive Committee.

Business Activities: The company owns and operates a chain of retail building materials stores in 20 states. The stores operate under the names Grossman's, Moore's, Lindsley, and Alamo Enterprises. Other business activities include railcar and truck trailer leasing and manufacturing building products, steel castings and specialty metal products.

Operating Groups:

Retail Group
200 Union Street
Braintree, Massachusetts 02184
(617) 848-0100

Forest Products Group
1121 S.W. Salmon Street
Portland, Oregon 97205
(503) 222-5592

Transportation Systems and Industrial Group
2550 Golf Road
Rolling Meadows, Illinois 60008
(312) 640-7000

Transfer Agent(s):

Bank of America, N.T. & S.A.
San Francisco, California

Stock Exchange(s): New York, Pacific

Ticker Symbol: EVY

Number of Stores: (at fiscal year end)

1984	349	1982	341
1983	345	1981	348

Sales and Earnings

	Net Sales ‡	Net Income
1984	$1,424,254,000	$ (31,188,000)
1983	1,186,284,000	(63,875,000)
1982	1,099,439,000	(64,821,000)
1981	1,179,597,000	17,620,000
1980	1,124,487,000	40,961,000

	No. of Com. Shares +	Earn. per Share +
1984	13,809,000	$ —
1983	13,699,000	—
1982	13,599,000	—
1981	13,581,000	0.94
1980	13,542,000	2.66

(Loss)
‡ Of continuing operations only.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1984	$ —	—	—
1983	—	10%	—
1982	0.23	—	—
1981	1.45	—	—
1980	1.45	—	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity ‡	Equity Per Share +
1984	$ 105,533,000	$ 7.64
1983	142,456,000	10.32
1982	211,575,000	15.56
1981	284,377,000	20.91
1980	290,705,000	21.45

‡ After allowing for preferred stock at stated value of $20.50 per share.
+ Adjusted to reflect stock dividend.

Income Account
(000's)

Year ended Dec. 31	1984	1983
Net sales	$ 1,424,254	$ 1,186,284
Other income	11,783	9,073
Gain on sale	—	3,538
Loss of unconsol. subsid.	(29,638)	(62,096)
Total Income	$ 1,406,399	$ 1,136,799
Cost of sales	1,263,768	1,037,542
Expenses	110,597	97,607
Depreciation & amortization	19,993	19,753
Interest expense	77,251	74,448
Loss bef. taxes	$ (65,210)	$ (92,551)
Tax credit	(10,342)	(12,000)
Loss-cont. oper.	$ (54,868)	$ (80,551)
Inc. - discont. oper	23,680	16,676
Net Loss	$ (31,188)	$ (63,875)

Assets

As at Dec. 31	1984	1983
Cash	$ 23,787	$ 49,043
Accts. receiv., net	96,740	100,452
*Inventories	231,886	234,139
Prepaid expenses	6,039	4,279
Taxes on earnings	18,742	16,680
Current Assets	$ 377,194	$ 404,593
#Fixed assets	231,761	255,543
Invest. in unconsol. subsid.	153,805	170,321
Other assets	40,468	41,217
Total Assets	$ 803,228	$ 871,674

Liabilities
(000's)

Notes payable	$ 11,360	$ 14,854
Long-term debt, curr.	353,854	81,176
Accts. payable & accruals	220,599	192,910
Curr. Liabilities	$ 585,813	$ 288,940
Long-term debt	41,829	381,162
Other liabilities	9,668	—
Deferred taxes	13,713	9,857
+ Preferred stock with mand. redemp.	39,492	42,079
+ Preferred stock without mand. redemp.	7,180	7,180
+ + Common stock	16,986	16,986
Add. paid-in capital	146,559	146,559
Retained earnings (deficit)	(5,109)	30,531
Treasury stock	(48,635)	(48,635)
Cum. trans. adjust	(4,268)	(2,985)
Total Liabilities & Shareholders' Equity	$ 803,228	$ 871,674

* At lower of cost (FIFO) or market.
# Less accumulated depreciation on prop., plant and equip. and amortization on capital leases.
+ No par value.
+ + $1 par value.

Statistical Summary

Sales to Inventories	6.14	5.07
Debt to Equity	3.61	3.19
Working Capital	—	$115,635,000
Current Ratio	—	1.40
Shareholders' Equity	$112,713,000	$149,636,000

Fabric Wholesalers, Inc.

2035 N.E. 181st Avenue
Portland, Oregon 97230
(503) 666-4511

Officers: Tony J. Bosboom, president & chief executive officer; William E. Mahar, vice president & asst. secretary; Jacques B. Nichols, treasurer & secretary; Jeffrey D. Boyd, v.p.-finance.

Directors: Tony J. Bosboom, Jacques B. Nichols, William E. Mahar.

Business Activities: Wholesalers and retailers of domestic and imported fabrics, sewing notions and trimmings. Operates stores in Oregon, Washington, Montana, Idaho and California under the Fabricland name.

Transfer Agent(s):

First Interstate Bank of Oregon
Portland, Oregon

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FBRC (NASDAQ)

Number of Stores: (at fiscal year end)

1985	53	1982	43
1984	49	1981	37
1983	46		

Sales and Earnings

	Net Sales	Net Income
1985	$ 38,650,441	$ 1,558,132
1984*	16,208,305	561,218
1983	28,557,773	1,164,867
1982	25,674,040	1,039,632
1981	19,828,248	630,381

	No. of Com. Shares ‡	Earn. per Share ‡
1985	2,184,932	$ 0.71
1984*	2,184,932	0.26
1983	2,184,934	0.53
1982	2,184,934	0.48
1981	2,185,832	0.29

* 6 months.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.10	—	2-for-1
1984	0.038	—	2-for-1

1983	0.069	0.05	0.05
1982	0.063	—	—
1981	0.038	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share‡
1985	$ 8,610,847	$ 3.94
1984	7,271,208	3.33
1983	6,791,925	3.11
1982	5,777,272	2.64
1981	4,874,199	2.23

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account

Year ended	6/30/85	6/30/84 (6 months)
Net sales	$ 38,650,441	$ 16,208,305
Cost of sales	26,288,430	10,965,244
Expenses	8,632,389	3,785,280
Depreciation & amortization	341,582	144,397
Interest expense	708,553	292,943
Other income	(218,645)	(26,777)
Income before taxes	$ 2,898,132	$ 1,047,218
Income taxes	1,340,000	486,000
Net Income	$ 1,558,132	$ 561,218

Assets

As of	6/30/85	6/30/84
Cash	$ 19,923	$ 28,110
Receiv., net	197,240	223,552
Notes receivable	46,095	46,342
*Inventories	16,305,019	13,811,251
Prepaid expenses	132,714	115,887
Current Assets	$ 16,700,991	$ 14,225,142
#Fixed assets	3,626,856	2,536,392
Other assets	445,093	259,530
Total Assets	$ 20,772,940	$ 17,021,064

Liabilities

Bank overdrafts	$ 549,786	$ 252,107
Notes paid to bank	4,311,642	2,801,287
Long-term debt, curr	245,000	400,000
Accts. payable	2,825,247	3,062,971
Accruals	843,985	600,000
Income taxes	18,191	—
Curr. Liabilities	$ 8,793,851	$ 7,116,392
Long-term debt	2,062,723	1,400,000
Other payables	952,985	716,191
Morg. payable	101,534	397,273
Deferred inc. taxes	251,000	120,000
+ Common stock	2,300,506	2,300,506
Retained earnings	6,488,751	5,149,112
Treasury stock	(178,410)	(178,410)
Total Liabilities & Shareholders' Equity	$ 20,772,940	$ 17,021,064

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	7.50	6.46
%Net Income to Sales	4.03	3.46
%Net Income to Equity	18.09	7.72
Sales to Inventories	2.37	1.17
Debt to Equity	0.77	0.63
Working Capital	$7,907,140	$7,108,750
Current Ratio	1.90	2.00
Shareholders' Equity	$8,610,847	$7,271,208

Fabri-Centers of America, Inc.

23550 Commerce Park Road
Beachwood, Ohio 44122
(216) 464-2500

Officers: Martin Rosskamm, chairman; Alan Rosskamm, president; Betty Rosskamm, secretary & treasurer; Justin Zimmerman, sr. v.p.; Brian Burton, exec. v.p.; Michael Feuer, sr. v.p.; Robert Lytle, Alma Zimmerman, Barry J. Sands, Travis Ballew, John Stec, Gordon Williams, vice presidents, Richard Garrison, president-Cargo Express Division.

Directors: Sidney Dworkin, Alan Rosskamm, Betty Rosskamm, Joseph H. Thomas, Alma Zimmerman, Justin Zimmerman, Brian Burton, Martin Rosskamm, Samuel J. Krasney.

Business Activities: Operates a chain of retail fabric stores, primarily under the name Jo-Ann Fabrics in 35 states and the District of Columbia. The company also operates a group of boutique type high fashion shops under the Showcase of Fine Fabrics name, called House of Fine Fabrics in the greater Washington, D.C. marketing area. Company outlets sell a wide variety of fashion and decorator fabrics, sewing notions, patterns and related accessories. The Company also operates 14 Cargo Express stores, which retail glassware, tableware and housewares.

Transfer Agent(s):

AmeriTrust Company, National Association
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: FCA

Number of Stores: (at fiscal year end)

1986	670	1983	593
1985	657	1982	591
1984	628		

Sales and Earnings

	Net Sales	Net Income
1986	$ 233,153,000	$ 1,034,000
1985*	226,937,000	3,875,000
1984	209,399,000	4,564,000
1983	210,289,000	7,183,000
1982	172,777,580	5,439,055

	No. of Com. Shares ‡	Earn. per Share ‡
1986	5,062,701	$ 0.20
1985*	5,095,376	0.76
1984	5,050,111	0.90
1983	4,501,778	1.60
1982	4,455,571	1.22

* 53 weeks.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.28	—	—
1985	0.28	—	—
1984	0.28	—	—
1983	0.22	—	3-for-2
1982	0.19	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 60,057,000	$ 11.86
1985	60,247,000	11.91
1984	58,968,000	11.52
1983	48,600,000	10.72
1982	42,116,895	9.44

‡ Based on the average number of shares outstanding.

Income Account *

Year ended	2/1/86	2/2/85 (53 weeks)
Net sales	$ 233,153,000	$ 226,937,000
Cost of sales	118,177,000	111,443,000
Expenses	111,549,000	107,869,000
Interest expense	2,123,000	810,000
Income before taxes	$ 1,304,000	$ 6,815,000
Income taxes	270,000	2,940,000
Net Income	$ 1,034,000	$ 3,875,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,553,000 in 1986 and $4,158,000 in 1985.

Assets

As of	2/1/86	2/2/85
Cash	$ 2,322,000	$ 1,886,000
Receiv., net	1,176,000	1,141,000
*Inventories	76,225,000	65,918,000
Prepaid expenses	3,580,000	3,340,000
Current Assets	$ 83,303,000	$ 72,285,000
#Fixed assets	25,595,000	26,100,000
Intangibles	3,884,000	3,787,000
Other assets	1,736,000	1,332,000
Total Assets	$ 114,518,000	$ 103,504,000

Liabilities

Long-term debt & cap. lease oblig. curr.	$ 782,000	$ 768,000
Short-term bank loans	13,000,000	7,000,000
Accts. payable	20,107,000	23,966,000
Accruals	3,411,000	3,153,000
Income taxes	79,000	821,000
Curr. Liabilities	$ 37,379,000	$ 35,708,000
Long-term debt	14,649,000	5,432,000
Other long-term liabilities	515,000	436,000
Deferred inc. taxes	1,918,000	1,681,000
+ Common stock	506,000	506,000
Add. paid-in capital	15,488,000	15,426,000
Unearned comp.	(374,000)	(505,000)
Retained earnings	44,437,000	44,820,000
Total Liabilities & Shareholders' Equity	$ 114,518,000	$ 103,504,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value; $0.10 stated value.

Statistical Summary

%Income bef. Taxes to Sales	0.56	3.00
%Net Income to Sales	0.44	1.71
%Net Income to Equity	1.72	6.43
Sales to Inventories	3.06	3.44
Debt to Equity	0.26	0.22
Working Capital	$45,924,000	$36,577,000
Current Ratio	2.23	2.02
Shareholders' Equity	$60,057,000	$60,247,000

Family Dollar Stores, Inc.

P.O. Box 25800
10401 Old Monroe Road
Charlotte, North Carolina 28212
(704) 847-6961

Officers: Leon Levine, chairman of the board, & treasurer; Lewis E. Levine, president; Howard R. Levine, sr. v.p.-merchandising, advertising, distribution; Albert S. Rorie, v.p.-data processing; James A. Seagraves, sr. v.p.-store operations; George R. Mahoney Jr., sr. v.p.-general counsel & secretary; Stephen G. Simms, sr. v.p.-real estate & construction; Mark V. Christenbury, v.p.-distribution & transportation; David J. Krause, v.p.-finance; Daylon W. Powell, asst. treasurer; Janice B. Burris, asst. secretary; Douglas Sullivan, v.p.-real estate; Norman Weizer, Phillip W. Thompson, v.p.'s-store operations; Robert S. Parker, v.p.-loss prevention; Daniel M. Smith, v.p. & gen. mdse. mgr.

Directors: Leon Levine, Thomas Payne, Lewis E. Levine, Mark R. Bernstein.

Business Activities: Operates a chain of discount department stores located in North Carolina, South Carolina, Mississippi, Florida, Georgia, Virginia, Tennessee, Alabama, West Virginia, Kentucky, Arkansas, Louisiana, Maryland, Pennsylvania, Texas and Ohio.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: FDO

Number of Stores: (at fiscal year end)

1985	920	1982	529
1984	756	1981	455
1983	635		

Sales and Earnings

	Net Sales	Net Income
1985	$ 410,088,400	$ 28,006,936
1984	340,919,236	23,557,327
1983	264,440,407	15,726,580
1982	207,419,020	10,695,407
1981	181,712,931	9,116,931

	No. of Com. Shares ‡	Earn. per Share ‡
1985	28,711,120	$ 0.98
1984	28,601,070	0.83
1983	28,365,593	0.55
1982	28,213,245	0.38
1981	27,944,754	0.33

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.18⅓		
1984	0.11⅔	—	—
1983	0.09⅓	—	2-for-1
1982	0.08	—	3-for-2
1981	0.06⅔	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 115,678,159	$ 4.03
1984	90,999,459	3.18
1983	69,956,528	2.47
1982	54,979,449	1.95
1981	46,368,472	1.66

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended Aug. 31	1985	1984
Net sales	$ 410,088,400	$ 340,919,236
Other income	5,385,443	5,578,109
Total Income	$ 415,473,843	$ 346,497,345
Cost of sales	252,246,786	211,529,926
Expenses	11,221,780	90,491,174
Income before taxes	$ 52,005,277	$ 44,476,245
Income taxes	23,998,341	20,918,918
Net Income	$ 28,006,936	$ 23,557,327

* Included in Costs and Expenses, Depreciation: $4,811,058 in 1985 and $3,798,458 in 1984.

Assets

As of Aug. 31	1985	1984
Cash	$ 4,524,619	$ 4,779,154
Short term investments	17,198,660	27,223,012
*Inventories	100,784,767	69,490,515
Prepayments	2,350,398	1,003,336
Current Assets	$ 124,858,444	$ 102,496,017
#Fixed asets	52,339,054	34,884,073
Other assets	185,222	133,680
Total Assets	$ 177,382,720	$ 137,513,770

Liabilities

Accts. payable	$ 47,653,362	$ 32,720,898
Accruals	8,208,609	8,063,596
Income taxes	1,512,649	3,137,528
Curr. Liabilities	$ 57,374,620	$ 43,922,022
Deferred inc. taxes	4,329,941	2,592,289
+Common stock	2,926,651	1,935,541
Add. paid-in capital	3,767,728	2,719,345
Retained earnings	109,263,285	86,624,078
Treasury stock	(279,505)	(279,505)
Total Liabilities & Shareholders' Equity	$ 177,382,720	$ 137,513,770

* At lower of cost (FIFO) or market, determined by retail prices.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.68	13.05
%Net Income to Sales	6.83	6.91
%Net Income to Equity	24.21	25.89
Sales to Inventories	4.07	4.91
Working Capital	$67,483,824	$58,573,995
Current Ratio	2.18	2.33
Shareholders' Equity	$115,678,159	$90,999,459

Fay's Drug Company, Inc.

7245 Henry Clay Boulevard
Liverpool, New York 13088
(315) 451-8000

Officers: Henry A. Panasci, Jr., chairman of the board & chief executive officer; Daniel A. Herrmann, president & chief operating officer; Peter E. Rhodes, exec. v.p. & chief financial officer; James B. Miller, v.p.-personnel; Bruce R. Berg, v.p.-store operations; John A. Kuznia, v.p.-information systems; Gillian M. McAuliffe, v.p.-consumer affairs; Allan R. Travis, v.p.-advertising & promotion; John A. Kogut, sr. v.p.-operations; Warren D. Wolfson, v.p., general counsel & secretary; Paul T. Anderson, v.p. & controller; David Panasci, v.p.-corp. development; Michael Winahradsky, v.p.-distribution; James Poole, v.p.-planning; Laurence D. Padgett, v.p.- specialty retail division; Ray J. Ryan, v.p.-real estate.

Directors: Henry A. Panasci, Jr., Daniel A. Herrmann, Hyman Miller, John D. Burke, Tarky Lombardi, Jr., Robert J. Congel, Peter E. Rhodes, John Saril, Chris Witting, David H. Panasci, Robert H. Altman, Joyce I. Greenberg.

Business Activities: Operates 139 drug stores in upstate New York, Pennsylvania, Connecticut and Massachusetts. The Company also operates four Bantam drug stores, seven discount auto parts and supply stores under the name "Wheels Discount Auto Supply," four discount office supply stores under the name "The Paper Cutter," and a liquor store.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): New York

Ticker Symbol: FAY

Number of Stores: (at fiscal year end)

1986	154	1983	92
1985	119	1982	84
1984	102		

Sales and Earnings

	Revenues	Net Income
1986	$ 445,124,947	$ 2,786,710
1985	366,697,274	8,679,179
1984	312,368,414	8,103,436
1983	270,275,290	5,479,420
1982	237,829,024	3,070,970

	No. of Com. Shares †	Earn. Per Share ‡
1986	14,022,655	$ 0.20
1985	13,910,232	0.62
1984	13,728,498	0.60
1983	11,560,348	0.47
1982	10,237,068	0.27

† Adjusted to reflect stock splits.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.20	—	—
1985	0.19	—	—
1984	0.13	—	2-for-1
1983	0.09	--	2-for-1
1982	0.07	10%	—

+ Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 60,267,692	$ 4.30
1985	59,621,088	4.29
1984	52,369,090	3.81
1983	25,818,116	2.23
1982	20,924,034	2.04

‡ Adjusted to reflect stock dividend and stock splits.

Income Account

Year Ended Jan. 31	1986	1985
Revenues	$ 445,124,947	$ 366,697,274
Cost of sales	339,527,335	273,135,155
Expenses	92,646,652	74,032,104
Depreciation & amortization	6,277,469	4,605,882
Interest expense	3,963,039	1,108,860
Income before taxes	$ 2,710,452	$ 13,815,273
Income taxes (credit)	(76,258)	5,136,094
Net Income	$ 2,786,710	$ 8,679,179

Assets

As of Jan. 31	1986	1985
Cash	$ 17,306,012	$ 17,904,650
Accts. receiv., net	8,475,711	6,885,976
*Inventories	66,146,051	56,352,528
Prepaid expenses	3,069,002	3,790,004
Refundable income taxes	2,157,931	788,697
Current Assets	$ 97,154,707	$ 85,721,855
#Fixed assets	48,189,975	37,049,809
Defer. charges	5,769,436	2,120,180
Investments	5,729,484	6,510,237
Other assets	203,545	199,378
Total Assets	$ 157,047,157	$ 131,601,459

Liabilities

Notes payable	$ —	$ 4,650,000
Long-term debt, curr.	2,431,901	2,167,310
Accts. payable	28,774,901	33,131,695
Accruals	4,205,827	4,559,034
Accrued payroll	2,543,761	2,805,160
Curr. Liabilities	$ 37,956,390	$ 47,313,199
Long-term debt	50,169,392	16,417,000
Oblig. under cap. leases	5,913,381	6,600,632
Deferred taxes	2,740,302	1,649,540
+ Common stock	1,402,266	1,391,024
Add. paid-in capital	37,999,148	37,231,479
Retained earnings	20,866,278	20,998,585
Total Liabilities & Shareholders' Equity	$ 157,047,157	$ 131,601,459

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.61	3.77
%Net Income to Sales	0.63	2.37
%Net Income to Equity	4.62	14.56
Sales to Inventories	6.72	6.51
Debt to Equity	0.97	0.50
Working Capital	$59,198,317	$38,408,656
Current Ratio	2.56	1.81
Shareholders' Equity	$60,267,692	$59,621,088

Federated Department Stores, Inc.

7 West Seventh Street
Cincinnati, Ohio 45202
(513) 579-7000

Officers: Howard Goldfeder, chairman & chief executive officer; Donald J. Stone, Will M. Storey, Norman S. Mathews, John J. Burden, III, vice chairmen; Bernard S. Klayf, executive v.p.; Thomas G. Cody, Russell S. Davis, Avner M. Porat, Gene Rappeport, James B. Selonick, Phyllis Sewell, senior v.p.'s; Jack Brown, v.p. & controller; Boris Auerbach, v.p. & secretary; Walter A. Couper, Samuel E. Dyer, H. Stewart Rose, Paul P. Thiemann, Marvin S. Traub, v.p.'s; James M. Leahy, v.p. & treasurer.

Directors: Charlotte Beers, John W. Burden, III*, Philip Caldwell, Robert A. Charpie, James L. Ferguson, Howard Goldfeder*, Howard W. Johnson, Reginald H. Jones, Bernard S. Klayf, Daniel W. LeBlond*, Norman S. Mathews*, G. William Miller, Peter G. Peterson, Donald J. Stone*, Will M. Storey*, Marvin S. Traub, Kathryn D. Wriston*, Clifton R. Wharton, Jr.

* Member of the Executive Committee.

Business Activities: Operates the following stores:

Abraham & Straus
420 Fulton Street
Brooklyn, New York, 11202
(212) 875-7200
Stores: Garden City, Hempstead, Massapequa, Huntington, Manhasset, Smithhaven, Rego Park, White Plains, New York; Woodbridge, Monmouth, Paramus, Short Hills, New Jersey; King of Prussia, Willow Grove, Pennsylvania.

Bloomingdale's
1000 Third Avenue
New York, New York 10022
(212) 705-2000
Stores: Hackensack, Short Hills, New Jersey; Fresh Meadows, Manhasset, Garden City, White Plains, New York; Stamford (1), Connecticut; Chestnut Hill (2), Massachusetts; Tyson's Corner, Virginia; White Flint, Maryland; King of Prussia, Willow Grove, Pennsylvania; Miami, Florida.

Bullock's
800 South Hope Street
Los Angeles, California 90014
(213) 612-5000
Stores: Del Amo, LaHabra, Lakewood, Palm Springs, Manhattan Beach, Pasadena, Santa Ana, Westwood, Wilshire, Northridge, Costa Mesa, Sherman Oaks, Woodland Hills, Mission Valley, West Covina, Century City, Newport Beach, La Jolla, Carlsbad, Mission Viejo, Beverly Center, Rolling Hills, Calif.; Scottsdale & Phoenix, Ariz.; Las Vegas, Nevada.

Burdines
Miami, Florida 33132
(305) 835-5151
Stores: Miami, West Dade County, Daytona Beach, Ft. Lauderdale, Hollywood, Miami Beach, Pompano Beach, Tampa, Sarasota, West Palm Beach, Westland (Hialeah), Cutler Ridge, Orlando, Altamonte, Clearwater, Boca Raton, Ft. Meyers, Plantation, St. Petersburg, Florida. Furniture Clearance Centers: Ft. Lauderdale & Miami, Florida.

The Children's Place
25 Riverside Drive
Pine Brook, New Jersey 07058
(201) 227-8900
Operates 158 children's specialty stores in 27 states.

Filene's
426 Washington Street
Boston, Massachusetts 02101
(617) 357-2978
Stores: Belmont, Braintree (South Shore), Burlington, Chestnut Hill, Hyannis, Natick, Peabody (North Shore), Wellesley, Worcester, Mass.; Warwick, Rhode Island; Manchester, New Hampshire.

Filene's Basement
40 Walnut Street
Wellesley, Massachusets 02181
(617) 239-9000
Stores: Massachusetts, New Hampshire, New York, Connecticut, Rhode Island.

Foley's
1110 Main Street
Houston, Texas 77001
(713) 651-7038
Stores: Almeda Mall, Northwest Mall, Pasadena, Greenspoint, Sharpstown, Houston (Warehouse Store), Willowbrook, West Oaks Mall (Houston), North Star (San Antonio), San Jacinto, (Baystown), Memorial, Highland Mall, Barton Creek (Austin), Texas.

Goldsmith's
123 South Main Street
Memphis, Tennessee 38143
(901) 529-4545
Stores: Oak Court, Southland Mall, Raleigh Springs, Hickory Ridge, Jackson, Tennessee.

Gold Circle Discount Stores
6121 Huntley Road
Worthington, Ohio 43085
(614) 438-4141
Stores: Columbus, (6); Dayton, (3); Cleveland, (8); Springfield, Canton, (2) Cincinnati, (4); Akron, Ohio (5); Rochester, New York (4); Buffalo (7); Lexington, Kentucky; Florence, Kentucky; Parma, Messillon, Kent, Ohio; Tennessee, Florida, Georgia, North Carolina, South Carolina.

I. Magnin
135 Stockton Street
San Francisco, California 94108
(415) 362-2100
Stores: Beverly Hills, Carmel, Del Amo (Torrance), La Jolla, Los Angeles, Oakland, Palm Springs, Palo Alto, Pasadena, San Fernando Valley (Sherman Oaks), San Mateo, Santa Ana, Santa Barbara, Costa Mesa, San Jose, Santa Clara and Walnut Creek, California; Phoenix, Arizona; Portland, Oregon; Seattle, Washington; Chicago (3), Illinois; White Flint (North Bethesda) Maryland.

Main Street
2345 North Waukegan Road, Suite 300
Bannockburn, Illinois 00015
(312) 948-1600
Operates 9 stores in Illinois.

Ralphs
P.O. Box 54143
Los Angeles, California 90054
(213) 637-1101
Operates 126 supermarkets plus attendant manufacturing and distribution facilities.

Rich's
45 Broad Street S.W.
Atlanta, Georgia 30302
(404) 586-4636
Stores: Lenox Square, Belvedere, Cobb Center, North DeKalb, Greenbriar, South DeKalb, Perimeter Mall, Shannon Mall, Outlet Home Store, Cumberland Mall, South Lake Mall, Atlanta, Augusta Mall, Augusta, Ga.; Brookwood Village & Century Plaza, Birmingham, Ala.; Columbia Mall, Columbia, Haywood Mall, Greenville, S.C.

Sanger Harris
303 North Akard
Dallas, Texas 75201
(214) 749-3990
Stores: Preston Center, Big Town, Highland Park, Town East, Valley View, Irving, Arlington, Ft. Worth, Plano, Tyler, Texas; Woodland Hills, Tulsa, Oklahoma. Also operates two Levy's stores in Tucson, Arizona.

Lazarus
Seventh & Race Streets
Cincinnati, Ohio 45202
(513) 369 7000
Stores: Kenwood Mall, Beechmont Mall, Tri-County, Dayton Mall, Kettering, Salem, Springfield, Western Wood, Louisville (2), Florence & Lexington, Kentucky, Dayton, Eastland, Kingsdale, Northland, Westland, Home Store East, Capri Shops (3); Lima, Richland (Mansfield), Ohio; Castleton, Indianapolis, Evansville, Indiana; Huntington, West Virginia.

Transfer Agent(s):

Manufacturers Hanover Trust Company
P.O. Box 24935
Church Street Station
New York, New York 10249

The First National Bank of Chicago
One First National Plaza Suite 0123
Chicago, Illinois 60670

Stock Exchange(s): New York, Cincinnati, Pacific, Phila-Balt-Wash, Midwest, Detroit

Ticker Symbol: FDS

Number of Department and Specialty Stores:
(at fiscal year end)

1985	604	1982	508
1984	589	1981	369
1983	551		

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's)
1985	$ 9,978,027	$ 286,626
1984	9,672,300	329,300
1983	8,689,600	338,300
1982	7,698,900	232,800
1981	7,067,700	258,300

	No. of Com. Shares #	Earn. per Share #
1985	48,800,000	$ 5.88
1984	48,700,000	6.77
1983	48,600,000	6.96
1982	48,600,000	4.79
1981	48,500,000	5.33

‡ Includes leased department sales.
# Based on the average number of shares outstanding.

Revenues By Line of Business

	1985 (000's)	%	1984 (000's)	%
Department stores	$7,106,500	71.2%	$6,901,000	71.3%
Mass merch.	1,057,900	10.6	1,059,900	11.0
Supermarkets	1,813,600	18.2	1,711,300	17.7
Total	$9,978,000	100%	$9,672,300	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$2.54	—	—
1984	2.40	—	—
1983	2.20	—	—
1982	2.10	—	—
1981	1.90	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1985	$ 2,707,300	$ 55.48
1984	2,544,100	52.24
1983	2,333,400	48.01
1982	2,105,100	43.44
1981	1,980,700	40.91

Income Accouat *
(000's)

Year ended	2/1/86	2/2/85
Net sales	$ 9,978,027	$ 9,672,336
Cost of sales	7,314,725	7,097,683
Expenses	1,962,537	1,893,649
Prov. for doubtful accts.	45,599	33,924
Interest expense	86,386	116,259

Unusual items	35,054	(42,609)
Income before taxes	$ 533,726	$ 573,430
Income taxes	247,100	244,100
Net Income	$ 286,626	$ 329,330

* Included in Costs and Expenses, Depreciation and Amortization: $230,585,000 in 1985 and $221,092,000 in 1984.

Assets
(000's)

As of	2/1/86	2/2/85
Cash	$ 54,270	$ 105,141
Accts. receiv., net	1,607,012	1,545,754
*Inventories	1,320,097	1,314,451
Prepaid expenses & supplies	43,448	43,746
Current Assets	$ 3,024,827	$ 3,009,092
#Fixed assets	2,249,624	2,178,555
Other assets	79,192	83,728
Total Assets	$ 5,353,643	$ 5,271,375

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 42,749	$ 315,428
Accts. payable & accruals	1,125,626	1,034,902
Income taxes	320,748	351,211
Curr. Liabilities	$ 1,489,123	$ 1,701,541
Long-term debt	781,513	710,724
Deferred compensation	189,648	178,662
Deferred inc. taxes	186,091	136,406
+Common stock	62,196	62,196
Add. paid-in capital	98,506	102,397
Retained earnings	2,569,404	2,406,693
Treasury stock	(22,838)	(27,244)
Total Liabilities & Shareholders' Equity	$ 5,353,643	$ 5,271,375

* At LIFO which is lower than market.
# Less accumulated depreciation.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.35	5.93
%Net Income to Sales	2.87	3.40
%Net Income to Equity	10.59	12.95
Sales to Inventories	7.56	7.36
Debt to Equity	0.30	0.40
Working Capital	$1,535,704	$1,307,551,000
Current Ratio	2.03	1.77
Shareholders' Equity	$2,707,268,000	$2,544,042,000

Federated Purchaser, Inc.

50 Lafayette Place
Kenilworth, New Jersey 07033
(201) 272-0505

825 Union Blvd.
Allentown, Pennsylvania 18103
(215) 437-4481

Officers: Harry J. Fallon, president; Anthony D. Carbone, vice president-administration & secretary; Steven J. Jordan, vice president-industrial marketing; Jane A. Christy, v.p.-operations.

Directors: Arthur C. Kammerman, chairman; Edmund L. Hoener, Harry J. Fallon, John Rudder, Edward A. Cantor.

Business Activities: Engaged in the marketing of electronic parts, components and equipment to industrial and retail customers. To its industrial customers the company sells a broad range of products including semi-conductors, wire, cable connectors, transformers, relay systems, capacitors and electronic tubes. The principal products marketed by the company to retail customers are home entertainment equipment including stereo systems, tape recorders, speakers, radios and related accessories. The company markets its retail products through two stores located in Kenilworth, New Jersey and Allentown, Pennsylvania. Industrial products are marketed directly by Federated's sales personnel from both locations and in the field.

Transfer Agent(s):

The National State Bank
Elizabeth, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: EFDP (NASDAQ)

Number of Stores: (at fiscal year end)

1985	2	1982	2
1984	2	1981	2
1983	2		

Sales and Earnings

	Net Sales	Net Income
1985	$ 6,970,733	$ 216,296
1984	7,305,216	281,654
1983	6,318,917	229,286
1982	6,128,054	199,768
1981	6,222,441	257,407

	No. of Com. Shares +	Earn. per Share +
1985	1,720,053	$ 0.13
1984	1,715,906	0.16
1983	1,709,926	0.15
1982	1,713,161	0.13
1981	1,686,699	0.15

+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.06	—	5-for-4
1984	0.06	—	—
1983	0.06	—	—
1982	0.06	—	—
1981	0.05	—	5-for-4

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1985	$ 2,342,963	$ 1.36
1984	2,227,764	1.30
1983	2,063,695	1.21
1982	1,930,043	1.13
1981	1,796,304	1.06

+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account

Year ended October 31	1985	1984
Net sales	$ 6,970,733	$ 7,305,216
Cost of sales	5,261,970	5,460,553
Expenses	1,359,906	1,374,785
Depreciation	21,884	23,358
Other income	(80,223)	(91,034)
Income before taxes	$ 407,196	$ 537,554
Income taxes	190,900	255,900
Net Income	$ 216,296	$ 281,654

Assets

As of October 31	1985	1984
Cash	$ 69,172	$ 51,898
Cert. of deposit	1,097,408	990,550
Accts. receiv., net	687,043	831,007
*Inventories	778,063	787,981
Prepaid expenses	64,824	40,312
Current Assets	$ 2,696,510	$ 2,701,748
#Fixed assets	52,387	66,824
Other assets	25,330	10,900
Total Assets	$ 2,774,227	$ 2,779,472

Liabilities

Accts. payable	$ 298,995	$ 338,355
Accruals	114,869	147,670
Income taxes	—	52,083
Curr. Liabilities	$ 413,864	$ 538,108
Deferred income taxes	17,400	13,600
+Common stock	171,601	171,601
Add. paid-in capital	1,650,406	1,652,908
Retained earnings	522,722	416,149
Treasury stock	(1,766)	(12,894)
Total Liabilities & Shareholders' Equity	$ 2,774,227	$ 2,779,472

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.84	7.36
%Net Income to Sales	3.10	3.86
%Net Income to Equity	9.23	12.64
Sales to Inventories	8.96	9.27
Working Capital	$2,282,646	$2,163,640
Current Ratio	6.52	5.02
Shareholders' Equity	$2,342,963	$2,227,764

Fifth Avenue Cards, Inc.

Empire State Building
350 Fifth Avenue
New York, New York 10118
(212) 736-3503

Officers: Hal J. Upbin, chairman of the board and president; Gerald Coopersmith, corporate secretary and treasurer; Eugene Cohen, senior v.p.-store operations; Karen Webb, Ethel Sloan, v.p.'s-merchandise.

Directors: Hal J. Upbin, chairman, Glen M. Kassan, William D. Sivitz, Robert Bjork, Romie Shapiro, Edward D. Herrick.

Business Activities: The company operates a chain of retail stores on the East Coast, specializing in greeting cards, party goods, small gift items, gift wrappings and some novelties.

Division:

Campus Books Inc.
Columbia, Maryland

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FIVE (NASDAQ)

Number of Stores: (at fiscal year end)

1985	25	1982	55
1984	32	1981	52
1983	57		

Sales and Earnings

	Net Sales	Net Income †
1985	$ 12,262,394	$ (1,516,806)
1984	11,548,288	(1,543,088)
1983	11,307,576	(587,759)
1982	10,073,503	101,600
1981	9,520,390	(735,296)

	No. of Com. Shares	Earn. per Share ‡ †
1985	1,802,165	$ —
1984	996,262	—
1983	996,262	—
1982	996,262	0.10
1981	996,262	—

Fifth Avenue Cards, Inc.

(Loss)
‡ Based on the weighted average number of shares outstanding.
† Including extraordinary credit of $13,000 ($0.01 per share) in 1982.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ (448,697)	$ —
1984	(76,067)	—
1983	1,467,021	1.47
1982	2,054,780	2.06
1981	1,953,720	1.96

(Deficiency)

Income Account

Year ended June 30	1985	1984
Net sales	$ 12,262,394	$ 11,548,288
Other income	1,289,310	1,430,916
Total Income	$ 13,551,704	$ 12,979,204
Cost of sales	8,800,576	8,202,067
Expenses	4,751,128	4,777,137
Depreciation	132,083	121,004
Interest expense	139,907	.0,666
Net Loss	$ (1,516,806)	$ (1,543,088)

Assets

As of June 30	1985	1984
Cash	$ 745,143	$ 125,327
Accts. & notes receiv., net	950,531	675,755
*Inventories	2,578,795	2,370,808
Prepaid expenses	241,443	95,049
Current Assets	$ 4,515,912	$ 3,266,939
Notes receiv.	370,567	737,203
#Fixed assets	888,091	709,013
Other assets	13,801	—
Total Assets	$ 5,788,371	$ 4,713,155

Liabilities

	1985	1984
Notes payable	$ 350,000	$ 350,000
Accts. payable & accruals	2,790,429	2,182,839
Curr. Liabilities	$ 3,140,429	$ 2,532,839
Long-term debt	2,960,000	1,500,000
Lease obligations for closed stores	27,269	36,268
Accounts payable	—	720,115
Other liabilities	109,370	—
+Common stock	22,979	99,626
Add. paid-in capital	2,906,811	1,685,988
Retained earnings	(3,378,487)	(1,861,681)
Total Liabilities & Shareholders' Equity	$ 5,788,371	$ 4,713,155

* At lower of cost (retail method) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	4.76	4.87
Working Capital	$1,375,483	$ 734,100
Current Ratio	1.44	1.29
Shareholders' Equity (Deficiency)	$ (448,697)	$ (76,067)

The Firestone Tire & Rubber Company

1200 Firestone Parkway
Akron, Ohio 44317
(216) 379-7000

Officers: John J. Nevin, chairman of the board, president & chief executive officer; Leon R. Brodeur, vice chairman; J. Robert Anderson, sr. v.p. & chief financial officer; James H. Bolender, v.p. & controller; John E. Rooney, treasurer; Laurance T. Burden, v.p.-management information services; Thomas M. Forman, v.p. & general counsel; Roy H. Gilbert, v.p.-strategic planning; Donald L. Groninger, v.p.-human resources; Randall D. Luke, secretary & associate general counsel; T. Jane Robinson, A. Mosby Harvey, Jr., David A. Thomas, Jerry C. Zemen, assistant secretaries; Peter W. Chehayl, asst. treasurer; Dallas E. Stiles, Donald B. Hutchins, Philip R. Morrison, assistant controllers.

Directors: John J. Nevin*, chairman; Jay H. Rosenson*, vice chairman; Leon R. Brodeur*, vice chairman; Kimball C. Firestone*, Richard Laster, Donald S. Perkins, William G. Phillips*, Paul A. Vatter*, M. Brock Weir*, J. Robert Anderson, Lois Dickson Rice, Raymond C. Tower, Thomas C. Page.

* Member of the Executive Committee.

Business Activities: The Company operates 1,500 retail stores which sell tires and related products and services throughout the United States.

Transfer Agent(s):

Manufacturers Hanover Trust Company
Stock Transfer Department
P.O. Box 24935
Church Street Station
New York, New York 10249

Stock Exchange(s): New York, Midwest, Pacific.

Ticker Symbol: FIR

Number of Stores: (at fiscal year end)

1985	1,500	1982	1,300
1984	1,500	1981	1,300
1983	1,500		

Sales and Earnings

	Net Sales + (000's)	Net Income ‡ (000's)
1985	$ 3,836,000	$ 3,000
1984	4,001,000	102,000
1983	3,669,000	111,000
1982	3,702,000	6,000
1981	4,174,000	152,000

	No. of Com. Shares	Earn. per Share ‡
1985	41,092,000	$ 0.06
1984	43,392,273	2.21
1983	48,429,503	2.26
1982	51,904,018	0.11
1981	57,723,240	2.63

+ Of continuing operations only.
‡ Including extraordinary tax credits of $9,000,000 (0.20 per share) in 1985, $13,000,000 ($0.29 per share) in 1984, $11,000,000 ($0.23 per share) in 1983, $4,000,000 ($0.07 per share) in 1982, and $6,000,000 ($0.11 per share) in 1981.

Revenues By Line of Business

	1985	1984
Tires & related prods.:		
North American group	$ 2,621,000	$ 2,738,000
International group	783,000	831,000
Diversified products	432,000	432,000
Total	$ 3,836,000	$ 4,001,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.80	—	—
1984	0.80	—	—
1983	0.60	—	—
1982	0.60	—	—
1981	0.60	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1985	$ 1,163,000	$ 28.30
1984	1,236,000	28.50
1983	1,291,000	26.66
1982	1,303,000	25.10
1981	1,427,000	24.72

Income Account *
(000's)

Year ended Oct. 31	1985	1984
Net sales	$ 3,836,000	$ 4,001,000
Cost of sales	3,080,000	3,185,000
Expenses	67,700	721,000
Provision for restruct.	105,000	—
For. curr. trans.	4,000	5,000
Interest expense	43,000	41,000
Interest income	(15,000)	(22,000)
Other income	(22,000)	(33,000)
Income (loss) bef. taxes	$ (36,000)	$ 104,000
Income taxes (credit)	30,000	41,000
Inc.(loss)-cont. oper.	$ (6,000)	$ 63,000
Inc.-discont. oper.	—	26,000
Net Income (Loss)	$ (6,000)	$ 89,000
Extraordinary credit	9,000	13,000
Net income & extraordinary credit	$ 3,000	$ 102,000

* Included in Costs and Expenses, Depreciation: $143,000,000 in 1985 and $133,000,000 in 1984.

Assets
(000's)

As of Oct. 31	1985	1984
Cash & short-term invest.	$ 118,000	$ 126,000
Accts. reciev., net	603,000	526,000
*Inventories	504,000	554,000
Prepaid expenses	59,000	82,000
Current Assets	$ 1,284,000	$ 1,288,000
Investments	40,000	39,000
#Fixed assets	1,110,000	1,131,000
Other assets	94,000	113,000
Total Assets	$ 2,528,000	$ 2,571,000

Liabilities
(000's)

	1985	1984
Loan payable	$ 81,000	$ 56,000
Long-term debt, curr.	19,000	53,000
Accts. payable	260,000	301,000
Accrued comp.	247,000	193,000
Taxes	100,000	130,000
Other accruals	195,000	201,000
Curr. Liabilities	$ 902,000	$ 934,000
Long-term debt	234,000	240,000
Unamort. pension recov.	182,000	—
Minority interest	44,000	48,000
Deferred inc. taxes	3,000	113,000
+Common stock	63,000	63,000
Add. paid-in capital	184,000	187,000
Retained earnings	1,364,000	1,395,000
Foreign curr. trans.	(125,000)	(130,000)
Treasury stock	(323,000)	(279,000)
Total Liabilities & Shareholders' Equity	$ 2,528,000	$ 2,571,000

* At lower of cost or market. Domestic inventories at LIFO: all others at methods which approximate average cost.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity	—	7.20
Sales to Inventories	7.61	7.22
Debt to Equity	0.22	0.24
Working Capital	$382,000,000	$ 354,000,000
Current Ratio	1.42	1.38
Shareholders' Equity	$1,163,000,000	$1,236,000,000

Fisher Foods, Inc.

5300 Richmond Road
Bedford Heights, Ohio 44146
(216) 292-7000

Mailing address:

P.O. Box 46555
Cleveland, Ohio 44146

Officers: Carl H. Lindner, chairman of the board & chief exec. officer; Robert L. Hayden, president & chief operating officer; Robert R. Gerber, sr. v.p. & chief financial officer; Gregory Mays, controller; James E. Evans, v.p. & secretary.

Directors: Wendell Earle, Carl Fazio, Richard M. Haverland, James E. Evans, Carl H. Lindner, Robert C. Lintz, Ronald F. Walker.

Business Activities: The company is a food wholesaler under "Heritage Wholesalers" name, and a retailer operating 58 supermarkets under the "Fazio's" and "Carl's" names and two deep discount drug and variety stores under the "Jax" name, in the Cleveland metropolitan area. The company also operates Omar Bakeries, Inc., and Eagle Ice Cream.

Divisions and Subsidiaries:

Fazio's
5300 Richmond Road
Bedford Heights, Ohio 44146
(216) 292-7000
Operates 58 food supermarkets in northern Ohio.

Eagle Ice Cream Company
90 Broadway
Bedford Heights, Ohio 44146
Packaged ice cream and ice cream products.

Heritage Wholesalers
5300 Richmond Road
Bedford Heights, Ohio 44146
(216) 292-7227
Wholesale supplier of groceries, fresh meat & produce, dairy, frozen foods & general merchandise.

JAX
3360 Linden Road
Rocky River, Ohio 44116
(216) 333-8778
Deep discount drug and variety stores in Cleveland.

Omar Bakeries, Inc.
408 Sheldon Street
Columbus, Ohio 43216
(614) 443-6511
Supplies bakery products to the Fazio Divisions as well as outside customers.

Transfer Agent(s):

National City Bank
Corporate Trust Department
P.O. Box 92301
Cleveland, Ohio 44101

Stock Exchange(s): New York

Ticker Symbol: FHR

Number of Stores: (at fiscal year end)

1985	58	1982	49
1984	49	1981	59
1983	50		

Sales and Earnings

	Net Sales	Net Income
1985	$ 494,804,000	$ 2,279,000
1984	503,477,000	(5,464,000)
1983	506,420,000	509,000
1982	524,328,000	(176,000)
1981	1,492,709,000	21,133,000

	No. of Com. Shares	Earn. per Share ‡†
1985	4,186,983	$ 0.47
1984	4,988,808	—
1983	4,970,308	0.08
1982	4,999,322	· —
1981	5,441,724	3.47

(Loss)

‡ Based on the average number of common shares outstanding.

† Including extraordinary gains of $1,107,000 (0.24 per share) in 1985, $201,000 ($0.04 per share) in 1983, $1,210,000 in 1982 and extraordinary loss of $8,772,000 ($1.61 per share) in 1981.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.05	—	—
1984	0.05	—	—
1983	—	—	—
1982	0.625	—	—
1981	0.55	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1985	$ 61,515,870	$ 14.71
1984	68,656,870	13.78
1983	74,092,070	14.93
1982	72,882,425	14.60
1981	84,955,990	15.63

‡ After allowing for preferred stock at redemption value of $105 per share.

Income Account *
(000's)

Year ended	12/28/85	12/29/84
Net sales	$ 494,804	$ 503,477
Other income	5,510	8,551
Total Income	$ 500,314	$ 512,028
Cost of sales	394,354	404,149
Expenses	100,933	109,693
Interest expenses	2,916	3,230
Prov. for closed facil.	987	700
Income (loss) bef. taxes	$ 1,124	$ (5,744)
Tax credit	(48)	(280)
Net Income (Loss)	$ 1,172	$ (5,464)
Extraord. gains	1,107	—
Net Income (Loss) and Extraordinary Gains	$ 2,279	$ (5,464)

* Included in Costs and Expenses, Depreciation and Amortization: $7,650,000 in 1985 and $8,257,000 in 1984.

Assets
(000's)

As of	12/28/85	12/29/84
Cash	$ 18,372	$ 38,606
Accts. receiv., net	6,699	8,805
*Inventories	45,640	27,570
Prepaid expenses	4,811	4,699
Deferred income taxes	3,731	3,955
Current Assets	$ 79,253	$ 83,635
Investments & other assets	3,240	4,163
#Fixed assets	80,249	67,628
Total Assets	$ 162,742	$ 155,426

Liabilities
(000's)

Notes payable	$ 4,000	$ —
Long-term debt, curr.	1,036	1,342
Oblig. under capital leases, curr.	1,019	998
Accts. payable	32,719	19,917
Accruals	9,977	9,861
Income taxes	3,636	3,144
Clos. facil. reserve	1,657	1,875
Litig. settle. res., curr.	1,634	1,617
Curr. Liabilities	$ 55,678	$ 38,754
Litig. settle. reserve	4,474	5,961
Long-term debt	15,839	17,124
Oblig. under capital leases	16,619	15,409
Other liabilities	2,259	3,016
Deferred inc. taxes	4,456	4,604
+ Preferred stock	1,811	1,811
+ + Common stock	4,187	4,989
Add. paid-in capital	955	1,137
Retained earnings	57,074	63,350
Treasury stock	(610)	(729)
Total Liabilities & Shareholders' Equity	$ 162,742	$ 155,426

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value, $5 cumulative.
+ + No par value.

Statistical Summary

%Net Income to Sales	0.46	—
%Net Income to Equity	3.23	—
Sales to Inventories	10.84	18.26
Debt to Equity	0.61	0.49
Working Capital	$23,575,000	$44,881,000
Current Ratio	1.42	2.16
Shareholders' Equity	$63,417,000	$70,558,000

Food Lion Stores, Inc.

(formerly Food Town Stores, Inc.)

Harrison Road
P.O. Box 1330
Salisbury, North Carolina 28145
(704) 633-8250

Officers: Ralph W. Ketner, chairman of the board; Tom E. Smith, president & chief executive officer; Jerry W. Helms, senior v.p.; Allyn D. Adams, v.p.-meat operations; A. Edward Benner, Jr., v.p.-management information systems; James H. Goodwin, Jr., v.p.-distribution & purchasing; Kenneth Harris, v.p.-perishable operations; Robert R. McAuliffe, Jr., v.p.-real estate; Spencer D. Storie, v.p.-store planning & development; Vincent G. Watkins, v.p.-special projects & development; Eugene R. McKinley, v.p.-human resources; Thomas R. Crabtree, v.p.-advertising; George S. Seger, v.p.-loss prevention; Brian P. Woolf, v.p.-finance & secretary; Daniel Boone, treasurer.

Directors: Ralph W. Ketner, chairman; Tom E. Smith, Guy Beckers, Jacques Le Clercq, Gui de Vaucleroy, Thomas M. Caddell, Brian P. Woolf, Jerry W. Helms, Charles de Cooman d'Herlickhove, Raymond-Max Boon.

Business Activities: Operates a chain of supermarkets in South Carolina, Georgia, Virginia, Maryland, Tennessee and North Carolina under the name Food Lion.

Transfer Agent(s):

Citizens & Southern National Bank
P.O. Box 105555
Atlanta, Georgia 30348

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FDLNA, FDLNB (NASDAQ)

Number of Stores: (at fiscal year end)

1985	317	1982	182
1984	251	1981	141
1983	226		

Sales and Earnings

	Net Sales	Net Income
1985	$1,865,632,000	$ 47,585,000
1984	1,469,564,000	37,305,000
1983	1,172,459,430	27,717,761
1982	947,073,495	21,854,911
1981	666,847,735	19,317,497

	No. of Com. Shares #	Earn. per Share #
1985	53,129,000	$ 0.90
1984	52,577,000	0.71
1983	52,370,000	0.53
1982	52,158,000	0.42
1981	51,848,000	0.37

Based on the weighted average number of shares outstanding adjusted to reflect stock split and stock recapitalization.

Food Lion Stores, Inc.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1985	$0.085	—	—
1984	0.058	—	—
1983	0.048	—	—
1982	0.04	—	3-for-1
1981	0.033	—	—

† Adjusted to reflect stock split and stock recapitalization.

Common Stock Equity

	Total Equity	Equity Per Share #
1985	$ 207,379,000	$ 3.90
1984	163,420,000	3.11
1983	123,633,999	2.36
1982	97,803,145	1.88
1981	77,835,991	1.50

# Based on the weighted average number of shares outstanding adjusted to reflect stock split and stock recapitalization.

Income Account

Year ended	12/28/85	12/29/84
Net sales	$1,865,632,000	$1,469,564,000
Cost of sales	1,521,275,000	1,197,369,000
Expenses	226,550,000	179,009,000
Depreciation & amortization	21,381,000	16,702,000
Interest expense	7,241,000	5,079,000
Income before taxes	$ 89,185,000	$ 71,405,000
Income taxes	41,600,000	34,100,000
Net Income	$ 47,585,000	$ 37,305,000

Assets

As of	12/28/85	12/29/84
Cash	$ 2,686,000	$ 24,434,000
Receiv., net	21,790,000	15,567,000
*Inventories	193,903,000	136,657,000
Prepaid expenses	2,448,000	1,373,000
Current Assets	$ 220,827,000	$ 178,031,000
#Fixed assets	218,870,000	153,146,000
Total Assets	$ 439,697,000	$ 331,177,000

Liabilities

Notes payable	$ 25,271,000	$ —
Long-term debt, curr.	1,665,000	927,000
Accts. payable	79,264,000	57,415,000
Accruals	44,992,000	37,724,000
Income taxes	2,525,000	7,513,000
Curr. por. of oblig. under cap. leases	1,206,000	1,077,000
Curr. Liabilities	$ 154,923,000	$ 104,656,000
Long-term debt	36,620,000	32,430,000
Deferred income taxes	1,141,000	1,163,000
Oblig. under cap. lease	21,401,000	18,875,000
Deferred inc. taxes	18,233,000	10,633,000
+Class A common stock	13,406,000	13,358,000
+Class B common stock	13,208,000	13,160,000
Add. paid-in capital	6,074,000	5,273,000
Retained earnings	174,691,000	131,629,000
Total Liabilities & Shareholders' Equity	$ 439,697,000	$ 331,177,000

* At lower of cost (primarily LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.78	4.86
%Net Income to Sales	2.55	2.54
%Net Income to Equity	22.95	22.83
Sales to Inventories	9.62	10.75
Debt to Equity	0.41	0.32
Working Capital	$ 65,904,000	$73,375,000
Current Ratio	1.43	1.70
Shareholders' Equity	$207,379,000	$163,420,000

Foodarama Supermarkets, Inc.

303 West Main Street
P.O. Box 592
Freehold, New Jersey 07728
(201) 462-4700

Officers: Joseph J. Saker, chairman of the board & president; Sidney Cohen, sr. v.p.-administration & asst. secretary; Robert V. Condon, sr. v.p.-sales & merchandising; Richard Saker, sr. v.p. & chief operating officer; John J. McAteer, sr. v.p.-personnel & labor relations; Joseph C. Troilo, sr. v.p.-finance & asst. treasurer; Mary Saker, secretary & treasurer.

Directors: Joseph J Saker*, chairman; Arthur M. Borden, Sidney Cohen*, John W. Hurley, Mary Saker*, Harold A. Stoller.

* Member of the Executive Committee.

Business Activities: Operates Foodarama Supermarkets, under the Shop-Rite name, in New York, New Jersey, Connecticut, and Pennsylvania. Also operates two liquor stores, two garden centers, and in-store pharmacies, all under the Shop-Rite name.

Transfer Agent(s):

National Westminster Bank U S.A.
80 Pine Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: FSM

Number of Stores: (at fiscal year end)

1985	27	1982	34
1984	30	1981	37
1983	31		

Sales and Earnings

	Net Sales ‡	Net Income
1985	$ 441,046,000	$ 2,944,000
1984*	450,748,000	210,000
1983	439,971,000	155,000
1982	425,961,000	1,153,000
1981	421,508,000	788,000

	No. of Com. Shares #	Earn. per Share #
1985	1,341,137	$ 2.20
1984*	1,341,074	0.16
1983	1,341,277	0.12
1982	1,343,308	0.86
1981	1,343,226	0.59

* 53 weeks.
‡ Of continuing operations only.
# Based on the weighted average number of common shares outstanding during each year.

Common Stock Equity

	Total Equity	Equity Per Share +
1985	$ 25,232,000	$ 18.81
1984	22,288,000	16.62
1983	22,080,000	16.46
1982	21,928,000	16.32
1981	20,782,000	15.47

+ Based on the weighted average number of common shares outstanding during each year.

Income Account *

Year ended	11/2/85	11/3/84
Net sales	$ 441,046,000	$ 450,748,000
Cost of sales	341,951,000	354,211,000
Expenses	94,132,000	94,757,000
Oper. profit	$ 4,963,000	$ 1,780,000
Interest expense	1,176,000	1,445,000
Income before taxes	$ 3,787,000	$ 335,000
Income taxes	843,000	125,000
Net Income	$ 2,944,000	$ 210,000

* Included in Costs and Expenses, Depreciation: $4,160,000 in 1985 and $3,901,000 in 1984.

Assets

As of	11/2/85	11/3/84
Cash	$ 6,305,000	$ 4,143,000
Short-term investments	5,173,000	4,947,000
Receiv., net	3,835,000	2,961,000
*Inventories	18,202,000	19,110,000
Current Assets	$ 33,515,000	$ 31,161,000
Investments	4,092,000	4,403,000
Receivables	811,000	816,000
#Fixed assets	35,209,000	24,259,000
Intangibles	2,153,000	2,153,000
Total Assets	$ 75,780,000	$ 62,792,000

Liabilities

Notes payable	$ 3,000,000	$ 825,000
Long-term debt, curr.	1,919,000	3,190,000
Cap. lease oblig., curr.	1,916,000	1,278,000
Accts. payable	23,910,000	19,579,000
Accruals	6,035,000	5,272,000
Income taxes	221,000	152,000
Curr. Liabilities	$ 37,001,000	$ 30,296,000
Long-term debt	5,547,000	5,549,000
Cap. lease oblig.	7,068,000	4,433,000
Deferred inc. taxes	932,000	226,000
+Common stock	1,621,000	1,621,000
Add. paid-in capital	2,348,000	2,347,000
Retained earnings	23,037,000	20,093,000
Treasury stock	(1,774,000)	(1,773,000)
Total Liabilities & Shareholders' Equity	$ 75,780,000	$ 62,792,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.86	0.07
%Net Income to Sales	0.67	0.05
%Net Income to Equity	11.16	0.94
Sales to Inventories	24.23	23.59
Debt to Equity	0.75	0.69
Working Capital	—	$ 865,000
Current Ratio	—	1.03
Shareholders' Equity	$25,232,000	$22,288,000

Forest City Enterprises, Inc.

10800 Brookpark Road
Cleveland, Ohio 44130
(216) 267-1200

Officers: Max Ratner, chairman of the board; Samuel H. Miller, vice chairman of the board & treasurer; Albert B. Ratner, president; Alan S. Ellett, William E. Harris, Charles A. Ratner, Nathan Shafran, exec. v.p.'s; Thomas G. Smith, sr. v.p. & chief financial officer; William Warren, sr. vice president & general counsel; Lloyd T. Will, v.p. & controller; Helen F. Morgan, v.p. & secretary; Gilles A.E. Stucker, sr. v.p.-finance; Albert L. Reisenfeld, assoc. general counsel.

Directors: Samuel H. Miller, Harry O. Schloss, Jr., Albert B. Ratner, Charles A. Ratner, Max Ratner, William Serne, Jr., Nathan Shafran, J. Maurice Struchen, Alan S. Ellett, Jerry V. Jarrett, James A. Ratner.

Business Activities: Engaged in real estate construction, ownership and management; land development and marketing. Operates a chain of "do-it-yourself" home building supplies stores in the Cleveland-Akron and Detroit areas. Also engaged in wholesale lumber operations and the sale of other building materials through joint ventures.

Divisions and Subsidiaries:

Forest City Trading Group
Portland, Oregon

Forest City Commercial Management, Inc.
Cleveland, Ohio

Forest City Dillon, Inc.
Cleveland, Ohio
Los Angeles, California

Forest City Land Division - Sunrise Land Co.
Cleveland, Ohio

Forest City Retail Division
Cleveland, Ohio

The Forest City-Capital Corporation
Cleveland, Ohio

Forest City Rental Properties Corporation
Cleveland, Ohio

Forest City Apartment Management Division
Cleveland, Ohio

Forest City Credit Corp.
Cleveland, Ohio

Transfer Agent(s):

The AmeriTrust Company N.A.
900 Euclid Avenue
Cleveland, Ohio 44101

Stock Exchange(s): American

Ticker Symbol: FCEA and FCEB

Number of Stores: (at fiscal year end)

1985	18	1982	20
1984	22	1981	21
1983	20		

Sales and Earnings

	Net Sales ‡	Net Income
1986	$ 281,015,000	$ 7,444,000
1985	258,442,000	4,883,000
1984	244,690,000	4,179,000
1983	265,484,000	6,391,000
1982	276,050,000	(2,923,000)

	No. of Com. Shares ‡‡	Earn. per Share ‡‡
1986	7,948,268	$ 0.94
1985	7,948,268	0.61
1984	7,948,784	0.52
1983	8,002,836	0.80
1982	8,098,344	—

‡ Includes operating revenues.
‡‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Specialty retailing:		
Retail stores	$ 159,306	$ 160,057
Building materials	—	(23)
Lumber brokerage	38,800	36,296
Merchant building & development:		
Construction and housing	62,018	48,992
Land sales	20,572	13,120
Other	319	—
Total	$ 281,015	$ 258,442

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.54	—	—
1985	0.24	—	—
1984	0.22	—	2-for-1
1983	0.10	—	—
1982	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 70,405,000	$ 8.86
1985	65,112,000	8.19
1984	61,187,000	7.70
1983	57,899,000	7.28
1982	52,825,000	6.52

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Jan. 31	1986	1985
Net sales	$ 281,015	$ 258,442
Other income	1,837	2,887
Eq. in inc. (loss) of 50% or less owned entities	1,154	(116)
Gain (loss) on sale of assets	646	(541)
Total Income	$ 284,652	$ 260,672
Cost of sales	183,446	151,939
Expenses	97,467	100,721
Interest expense	10,128	10,564
Loss bef. taxes	$ (6,389)	$ (2,552)
Tax credit	(2,899)	(831)
Equity in earnings-unconsol. subsid.	(9,159)	(5,595)
Eq. in rent prop. gain on dispos.	(1,775)	(1,009)
Net Income	$ 7,444	$ 4,883

* Included in Costs and Expenses, Depreciation and Amortization: $3,302,000 in 1985 and $2,782,000 in 1984.

Assets
(000's)

As of Jan. 31	1986	1985
Cash	$ 3,884	$ 1,980
Notes & accounts receiv.	120,852	98,824
Refund. inc. taxes	1,227	917
*Inventories	67,656	79,208
Prepaid expenses	933	4,651
Current Assets	$ 194,552	$ 185,580
Real estate for sale & develop.	41,880	43,961
Investments	54,561	42,566
#Fixed assets	16,455	18,553
Other assets	12,536	5,587
Total Assets	$ 319,984	$ 296,247

Liabilities
(000's)

Notes & loans payable	$ 26,151	$ 40,290
Long-term debt, curr.	3,781	2,457
Accts. payable & accruals	133,735	118,630
Income taxes	5	121
Curr. Liabilities	$ 163,672	$ 161,498
Long-term debt	38,818	25,648
Other liabilities	47,089	43,989
+ Common stock		
Class A	1,351	1,350
Class B	1,298	1,299
Add. paid-in capital	7,229	7,229
Retained earnings	60,527	55,234
Total Liabilities & Shareholders' Equity	$ 319,984	$ 296,247

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.33½ par value.

Statistical Summary

%Net Income to Sales	2.65	1.85
%Net Income to Equity	10.57	7.50
Debt to Equity	0.98	1.05
Working Capital	$30,880,000	$25,018,000
Current Ratio	1.19	1.15
Shareholders' Equity	$70,405,000	$65,112,000

Fotomat Corporation

(Acquired by Konishiroku Photo Industry Co., Ltd in July 1986.)

205 9th Street North
St. Petersburg, Florida 33701
(813) 823-2027

Officers: Shigeru Suzuki, chairman of the board & chief executive officer; John R. Chase, president & chief operating officer; John R. Gross, v.p.-finance and controller; William E. Kirkman, sr. v.p.-Eastern Division; Michael H. Alden, v.p., gen. counsel & secretary; Thomas A. Meyer, William J. Meyer, v.p.'s-dealer division; Shinji Arai, v.p.-technical operations; A.N. Daniel, v.p.-Western Division; James L. Fischer, v.p.-strategic planning; Robert E. Nemecek, v.p.-human resources; Larry J. Pyles, v.p. & pres.-Portrait World, Inc.

Directors: Shigeru Suzuki, chairman; Daniel Saxe, Jr., Edward H. Martin, John B. Lake, Tomiji Uematsu, Teruyuki Watanabe.

Business Activities: The Company is engaged in the retail sale of film processing services and the retail sale of photographic and video products.

Subsidiary:

Portrait World, Inc.

Supplies administrative services, film and equipment and processes film into portraits for independent photographers.

Number of Retail Outlets: (at fiscal year end)

	Company Operated	Franchised	Camera Stores
1985	2,180	—	—
1984	2,262	—	—
1983	2,783	40	—
1982	3,672	63	42
1981	3,604	87	32

Sales and Earnings

	Net Sales	Net Income
1986	$ 180,643,000	$ (15,995,000)
1985	180,543,000	(14,341,000)
1984	236,495,000	(38,266,000)
1983	260,993,000	(10,923,000)
1982	256,620,000	2,843,000

	No. of Com. Shares #	Earn. per Share #
1986	21,700,000	$ —
1985	10,076,000	—
1984	9,450,000	—
1983	8,916,000	—
1982	8,973,000	0.32

(Loss)
# Based on the number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ (2,637,000)	$ —
1985	(9,967,000)	—
1984	4,280,000	0.45
1983	41,200,000	4.62
1982	49,006,000	5.46

(Deficiency)

Income Account *
(000's)

Year ended Jan. 31	1986	1985
Net sales	$ 180,643	$ 180,543
Cost of sales	74,061	69,521
Expenses	119,464	122,351
Interest expense	3,113	4,096
Gain on sale of assets	—	(558)
Loss before taxes	$ (15,995)	$ (14,867)
Tax credit	—	(526)
Net Loss	$ (15,995)	$ (14,341)

* Included in Costs and Expenses, Depreciation and Amortization: $9,849,000 in 1985 and $9,569,000 in 1984.

Assets
(000's)

As of Jan. 31	1986	1985
Cash	$ 8,996	$ 3,711
Accts. receiv., net	6,711	6,294
*Inventories	7,357	9,329
Other curr. assets	650	630
Current Assets	$ 23,714	$ 19,964
#Fixed assets	42,250	37,431
Reacq. franchises	1,449	1,771
Intangible assets	2,901	3,615
Other assets	479	573
Total Assets	$ 70,793	$ 63,354

Liabilities
(000's)

	1986	1985
Bank loan	$ 1,500	$ 18,000
Long-term debt, curr.	4,078	2,866
Accts. payable	11,443	14,917
Accrued payroll	2,618	2,274
Other accruals	15,744	13,250
Curr. Liabilities	$ 35,383	$ 51,307
Long-term debt	38,047	8,514
Indebtedness to related party	—	13,500
+Common stock	2,520	1,010
Add. paid-in capital	57,394	35,579
Accumulated deficit	(62,551)	(46,556)
Total Liabilities & Sharehdolders' Equity	$ 70,793	$ 63,354

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Fox Photo, Inc.

(formerly Fox-Stanley Photo Products, Inc.)

8750 Tesoro Drive
San Antonio, Texas 78286
(512) 828-9111

Officers: Carl D. Newton, Jr., chairman of the board; Carl D. Newton, III, president; John L. Brack, sr. v.p., chief financial officer & secretary; Ted DeByhr, Gary Greenberg, Benjamin A. Short, Michael J. Kelly, Pat LeMay Burr, sr. v.p.'s; Richard M. Finklebeiner, sr. v.p. & controller; James M. Grant, v.p. & secretary; Edwin C. Honeck, v.p.; Kenneth W. Aylesworth, Glynn Bloomquist, Don Harman, Thomas McEvoy, sr. v.p.'s; Michael P. Anton, Leo H. Breslin, James D. Collins, Randy P. Everett, Vincent P. Howard, Helen Kasberg, Rebecca A. Lucas, Thomas L. Mewhiter, Robert F. Naber, Howard Peachey, David H. Reimer, William C. Richardson, Jr., Frank Turner, Kenneth W. Aylesworth, Mark Beyland, William C. Maddox, Bill Leland, Dave Mellor, John R. McLaughlin, Thomas L. Mewhirter, Jeffery Pickering, David Aderhold, v.p.'s.

Directors: Carl D. Newton, Jr.*, Richard T. Davis, Carl D. Newton, III*, Christopher Gill, Christopher Goldsbury, Jr., L. William Heiligbrodt, Jr., Ricardo Longoria, B.B. Hollingsworth, Jr., Dale E. Mitchell.

* Member of the Executive Committee.

Business Activities: Operates a chain of camera and photoprocessing-photo finishing stores. These stores operate under the name "Fox Photo". Also conducts a mail order photofinishing business and wholesale photofinishing operations. Also operates 194 one-hour photofinishing labs.

Transfer Agent(s):

Texas Commerce Bank, N.A.
Houston, Texas

Stock Exchange(s): New York

Ticker Symbol: FFI

Number of Stores: (at fiscal year end)

1986	717	1984	1,181
1985	853	1983	896

Sales and Earnings

	Net Sales	Net Income
1986	$ 185,781,000	$ 3,229,000
1985	166,627,000	2,745,000
1984	152,186,000	1,678,000
1983*	165,927,000	5,431,000
1982	165,474,000	5,238,000

	No. of Com. Shares	Earn. per Share ‡
1986	3,173,408	$ 1.02
1985	3,157,798	0.87
1984	3,146,415	0.49
1983*	3,522,784	1.54
1982	3,512,663	1.49

* 53 weeks.
‡ Based on the weighted average number of common shares outstanding.

Revenues By Line of Business

	1986	1985
Dealer segment	$ 95,443	$ 78,919
Retail photo	85,001	81,078
Mail order	5,337	6,630
Total	$ 185,781	$ 166,627

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.68	—	—
1985	0.68	—	—
1984	0.68	—	—
1983	0.68	—	—
1982	0.68	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 49,776,791	$ 15.69
1985	48,517,950	15.36
1984	47,817,425	15.20
1983	53,788,937	15.27
1982	50,906,921	14.49

Income Account *

Year ended	4/26/86	4/27/85
Net sales	$ 185,780,650	$ 166,627,406
Cost of sales	92,972,151	81,492,270
Expenses	86,077,497	82,778,581
Interest expense	2,872,976	1,624,316
Other income	(378,601)	(1,587,758)
Income before taxes	$ 4,236,627	$ 2,319,997
Income taxes (credit)	1,008,000	(425,000)
Net Income	$ 3,228,627	$ 2,744,997

* Included in Costs and Expenses Depreciation and Amortization: $16,975,834 in 1986 and $13,841,530 in 1985.

Assets

As of	4/26/86	4/27/85
Cash	$ 15,926,926	$ 6,916,829
Accts. receiv., net	12,246,133	12,443,118
*Inventories	7,838,937	8,715,323
Prepaid expenses	1,758,565	1,990,509
Taxes receivable	31,195	1,308,762
Current Assets	$ 37,801,756	$ 31,374,541
#Fixed assets	67,659,220	65,399,976
Other assets	1,085,146	3,492,411
Intangibles	15,396,611	16,491,646
Total Assets	$ 121,942,733	$ 116,758,574

Liabilities

Long-term debt, curr.	$ 2,977,117	$ 2,174,658
Accts. payable & accruals	30,223,837	28,918,058
Curr. Liabilities	$ 33,200,954	$ 31,092,716
Long-term debt	33,697,738	32,675,347
Deferred inc. taxes	5,267,250	4,472,561
+Common stock	3,591,626	3,576,016
Add. paid-in capital	7,801,885	7,636,026
Retained earnings	44,083,825	43,006,453
Treasury stock	(5,700,545)	(5,700,545)
Total Liabilities & Shareholders' Equity	$ 121,942,733	$ 116,758,574

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.28	1.39
%Net Income to Sales	1.74	1.65
%Net Income to Equity	6.76	5.66
Sales to Inventories	23.70	19.12
Debt to Equity	0.77	0.72
Working Capital	$ 4,600,802	$ 281,825
Current Ratio	1.14	1.01
Shareholders' Equity	$47,776,791	$48,517,950

Frederick's of Hollywood, Inc.

6608 Hollywood Boulevard
Los Angeles, California 90028
(213) 466-5151

Officers: George W. Townson, chairman & chief executive officer; Robert W. Hansen, president & chief operating officer; Joseph A. Nussbaum, v.p.; Marshall F. Coil, v.p.-systems & procedures; L. Colleen Menerey, v.p.-finance & treasurer; Ronald G. Pearson, asst. treasurer & controller; Morton R. Field, secretary; Nitin Parikh, asst. v.p.-corporate planning and analysis; Katherine C. Klein, asst. v.p.-personnel; Gerald R. Tarakajian, asst. v.p.-management information systems.

Directors: George W. Townson, Morton R. Field, Harriett Mellinger, Hugh Hunter, William J. Barrett, Richard O. Starbird, Sylvan Lefcoe.

Business Activities: Engaged in the retail sale of women's apparel through stores in 33 states and mail order.

Transfer Agent(s):

U.S. Stock Transfer Corp.
Glendale, California

Marine Midland Bank
New York, New York

Stock Exchange(s): American

Ticker Symbol: FHO

Number of Stores: (at fiscal year end)

1985	141	1982	136
1984	147	1981	128
1983	140		

Sales and Earnings

	Net Sales	Net Income
1985	$ 45,464,000	$ (148,000)
1984	45,291,000	627,000
1983	44,349,000	1,039,000
1982*	41,552,000	1,463,000
1981	39,300,000	2,231,000

	No. of Com. Shares +	Earn. per Share +
1985	1,656,000	$ —
1984	1,656,000	0.38
1983	1,655,000	0.63
1982*	1,643,000	0.89
1981	1,632,000	1.37

(Loss)
* 53 weeks.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$ —	—	—
1984	0.30	—	—
1983	0.39	5%	—
1982	0.36	10%	—
1981	0.34	—	—

+ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share +
1985	$ 12,875,000	$ 7.77
1984	13,023,000	7.86
1983	12,893,000	7.79
1982	12,479,000	7.60
1981	11,571,000	7.09

+ Adjusted to reflect stock dividends.

Income Account *

Year ended	9/1/85	9/2/84
Net sales	$ 45,464,000	$ 45,291,000
Cost of sales	26,768,000	25,773,000
Expenses	19,061,000	18,508,000
Other income	(153,000)	(127,000)
Income (loss)before taxes	$ (212,000)	$ 1,137,000
Income taxes (Credit)	(64,000)	510,000
Net Income (Loss)	$ (148,000)	$ 627,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,175,000 in 1985 and $971,000 in 1984.

Assets

As of	9/1/85	9/2/84
Cash	$ 3,527,000	$ 2,994,000
Accts. receiv., net	225,000	250,000
Income taxes	274,000	672,000
*Inventories	4,777,000	4,808,000
Prepaid expenses	756,000	768,000
Investments	—	210,000
Notes receiv.	200,000	—
Current Assets	$ 9,759,000	$ 9,702,000
#Fixed assets	6,278,000	6,361,000
Notes receivable	1,920,000	2,094,000
Other assets	71,000	100,000
Total Assets	$ 18,028,000	$ 18,257,000

Liabilities

	9/1/85	9/2/84
Accts. payable	$ 2,166,000	$ 2,578,000
Long-term debt, curr.	190,000	190,000
Accruals	1,270,000	710,000
Curr. Liabilities	$ 3,626,000	$ 3,478,000
Long-term debt	1,044,000	1,234,000
Deferred inc. taxes	483,000	522,000
+Common stock	1,656,000	1,656,000
Add. paid-in capital	2,019,000	2,019,000
Retained earnings	9,200,000	9,348,000
Total Liabilities & Shareholders' Equity	$ 18,028,000	$ 18,257,000

* At lower of cost (by retail method) or market on the FIFO basis.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.51
%Net Income to Sales	—	1.38
%Net Income to Equity	—	4.81
Sales to Inventories	9.52	9.42
Debt to Equity	0.10	0.11
Working Capital	$6,133,000	$ 6,224,000
Current Ratio	2.69	279
Shareholders' Equity	$12,875,000	$13,023,000

The Gap, Inc.

P.O. Box 60
900 Cherry Avenue
San Bruno, California 94066
(415) 952-4400

Officers: Donald G. Fisher, chairman, president & chief exec. officer; Millard S. Drexler, exec. v.p.-merchandising; Maurice W. Gregg, exec. v.p. & chief financial officer; John P. Carver, sr. v.p.-human resources; Edward A. Strobin, sr. v.p.; Joseph N. Behrendt, v.p.-management information systems; John F. Sweers, v.p.-distribution; Dexter C. Tight, sr. v.p.; Steven B. Kaplan, v.p.-real estate; Frances A. Ziemniak, v p.-financial services; David R. Jackson, v.p. & asst. gen. counsel; Harry J. Lindner, treasurer.

Directors: Donald G. Fisher, Maurice W. Gregg, John G. Bowes, Alfred H. Daniels, Doris F. Fisher, Brooks Walker, Jr., Stuart G. Moldaw, Henry W. Pattison, Millard S. Drexler, Charles R. Schwab.

Business Activities: The company is a specialty retailer whose major division is the Gap Stores, a nationwide chain of 613 stores selling moderately priced jeans-related casual and activewear clothing for men and women.

Subsidiaries:

Banana Republic, Inc.
San Francisco, California
Retailer of travel and safari casual wear.

Transfer Agent(s):

Crocker National Bank
San Francisco, California

Morgan Guaranty Trust Company of New York
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: GPS

Number of Stores: (at fiscal year end)

1985	648	1982	545
1984	594	1981	522
1983	550		

Sales and Earnings

	Net Sales +	Net Income
1986	$ 647,333,000	$ 27,707,000
1985*	518,229,000	12,230,000
1984	480,515,000	21,607,000
1983	444,929,000	18,216,000
1982	417,385,000	11,801,000

	No. of Com. Shares †	Earn. per Share †
1986	17,089,417	$ 1.62
1985*	16,891,684	0.72
1984	16,556,354	1.26
1983	15,253,466	1.16
1982	15,180,438	0.77

* 53 weeks.
† Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	$0.278	—	2-for-1
1985	0.25	—	—
1984	0.20	—	—
1983	0.175	—	3-for-2
1982	0.147	—	—

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 151,643,000	$ 8.64
1985	126,116,000	7.47
1984	121,249,000	7.12
1983	83,671,000	5.47
1982	67,834,000	4.46

† Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	2/1/86	2/2/85
Net sales	$ 647,333	$ 518,229
Cost of sales	413,181	367,271
Expenses	162,808	125,193
Interest expense	3,456	3,687
Income before taxes	$ 67,888	$ 22,078
Income taxes	33,451	9,108
Inc. - cont. oper.	$ 34,437	$ 12,970
Loss - discont. oper.	(6,730)	(740)
Net Income	$ 27,707	$ 12,230

* Included in Cost and Expenses, Depreciation and Amortization: $16,090,000 in 1986 and $11,951,000 in 1985.

Assets
(000's)

As of	2/1/86	2/2/85
Cash & comm. paper	$ 22,834	$ 10,557
Accts. receiv. net	4,600	7,696
*Inventories	117,729	90,308
Prepaid expenses	13,972	4,848
Property held for resale	1,084	1,212
Net assets -disc. oper.	8,207	8,227
Current Assets	$ 168,426	$ 122,848
#Fixed assets	93,965	74,043
Other assets	3,425	3,873
Intangibles	1,359	1,498
Lease rights	4,539	4,303
Total Assets	$ 271,714	$ 206,565

Liabilities
(000's)

	2/1/86	2/2/85
Long-term debt. curr.	$ 657	$ 387
Oblig. under cap. leases, curr.	82	178
Accts. payable	39,804	32,561
Accruals	31,436	16,761
Income taxes	4,910	2,704
Notes payable	12,319	250
Curr. Liabilities	$ 89,208	$ 52,841
Long-term debt	15,331	20,550
Oblig. under cap. leases	725	807
Deferred credits	14,807	6,251
+Common stock	878	844
Add. paid-in capital	33,254	30,595
Retained earnings	117,511	94,677
Total Liabilities & Shareholders' Equity	$ 271,714	$ 206,565

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.05 par value.

Statistical Summary

%Net Income to Equity	18.27	9.70
Sales to Inventories	5.50	5.74
Debt to Equity	0.09	0.01
Working Capital	$ 79,218,000	$ 70,007,000
Current Ratio	1.89	2.32
Shareholders' Equity	$151,643,000	$126,116,000

Gendis Inc.

1370 Sony Place
Winnipeg, Manitoba, Canada R3C 3C3
(204) 474-5200

Officers: Albert D. Cohen, pres. & chief exec. officer; G. Allan Mackenzie, exec. v.p.; Harry B. Cohen, Joseph H.

Cohen, H. Murray Heselton, John C. Cohen, Morley M. Cohen, v.p.'s; Samuel N. Cohen, v.p. & treasurer; Patrick J. Matthews, v.p.-finance; William Pounder, comptroller; N. Paul Cloutier, secretary; Richard H. Brusegard, asst. secretary.

Directors: Albert D. Cohen*, Harry B. Cohen, John C. Cohen, Joseph H. Cohen, Morley M. Cohen*, G.R. Hunter, Samuel N. Cohen*, Edson Boyd*, S. Ronald Basford, E.C. Lunley, G.A. Mackenzie*, Fred H. McNeil.

* Member of the Executive Committee.

Business Activities: The Company, through wholly-owned subsidiaries, participates in the Canadian merchandising and distribution industry. The Company owns 51% of Sony of Canada, Ltd., a joint venture that distributes all Sony products under the name of The Sony Store through 42 retail outlets across Canada. The Company also operates 369 junior department and family clothing stores across Canada. The Company is also involved in oil and gas exploration and development, and in real estate management.

Divisions and Subsidiaries:

Metropolitan Stores of Canada Limited (100% owned)
Property holding company.

Metropolitan Stores (M.T.S.) Ltd.
Junior department stores.

MTS Discount
Discount stores.

Saan Stores Ltd.
1370 Sony Place, Fort Garry
Winnipeg, Manitoba R3C 3C3
Family clothing stores.

Saan for Kids
Chilcren's clothes.

Greenberg Stores Limited
9150 Park Avenue
Montreal 354, Quebec
Family clothing stores.

Sony of Canada Ltd. (51% owned)
Canadian distributor of Sony products.

Transfer Agent(s):

The Canada Trust Company
259 Portage Avenue
Winnipeg, Manitoba, Canada

Stock Exchange(s): Toronto

Ticker Symbol: GDS

Number of Stores: (at fiscal year end)

1986	411	1983	312
1985	374	1982	299
1984	312		

Sales and Earnings

	Net Sales	Net Income ‡
1986	$ 521,652,000	$ 25,667,000
1985	474,005,000	20,172,000
1984	434,906,000	19,086,000
1983	380,674,000	10,839,000
1982	349,758,000	11,506,000

	No. of Com. Shares #	Earn. per Share ‡ +
1986	9,387,145	$ 2.74
1985	8,232,852	2.15
1984	9,374,700	2.09
1983	8,352,891	1.30
1982	8,229,456	1.40

‡ Including extraordinary gain of $1,381,000 ($0.17 per share) in 1983 and extraordinary loss of $1,786,000 ($0.19 per share) in 1985.
# Based on Class A and Class B common shares.
+ Based on the weighted monthly average number of Class A and Class B common shares adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.62	—	—
1985	0.54	—	—
1984	0.45	—	4-for-3
1983	0.38	—	—
1982	0.36	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 126,485,000	$ 13.47
1985	106,520,000	12.94
1984	91,476,000	9.76
1983	70,498,000	8.39
1982	62,162,000	7.51

+ Adjusted to reflect stock split.

Income Account

Year ended Jan. 31	1986	1985
Net sales	$ 521,652,000	$ 474,005,000
Cost of sales	464,241,000	425,364,000
Depreciation, amort. & depletion	8,703,000	7,128,000
Interest expense	19,000	79,000
Other interest	2,803,000	4,583,000
Income before taxes	$ 45,886,000	$ 36,851,000
Income taxes	20,219,000	14,893,000
Net Income	$ 25,667,000	$ 21,958,000
Extraordinary loss	—	(1,786,000)
Net Income & extraordinary loss	$ 25,667,000	$ 20,172,000

Assets

As of Jan. 31	1986	1985
Cash & short-term deposits	$ 38,004,000	$ 2,887,000
Receiv., net	16,862,000	19,094,000
*Inventories	116,830,000	118,841,000
Prepaid expenses	3,128,000	2,707,000
Inc. taxes recoverable	—	3,433,000
Current Assets	$ 174,824,000	$ 146,962,000
Investments	207,000	292,000
#Fixed assets	73,347,000	66,857,000
Other assets	889,000	915,000
Total Assets	$ 249,267,000	$ 215,026,000

Liabilities

Bank advances	$ 4,663,000	$ 5,240,000
Long-term debt, curr.	176,000	234,000
Accts. payable & accruals	79,448,000	78,444,000
Income & other taxes	10,926,000	—
Shareholders' advances	—	10,650,000
Due to Sony of Canada	18,732,000	7,280,000
Curr. Liabilities	$ 113,945,000	$ 101,848,000
Long-term debt	343,000	609,000
Deferred inc. taxes	8,494,000	6,049,000
+ Common stock	13,148,000	13,012,000
Retained earnings	113,337,000	93,508,000
Total Liabilities & Shareholders' Equity	$ 249,267,000	$ 215,026,000

* At lower of cost and net realizable value.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	8.80	7.77
%Net Income to Sales	4.92	4.26
%Net Income to Equity	20.29	18.94
Sales to Inventories	4.47	3.99
Debt to Equity	0.04	0.06
Working Capital	$ 60,879,000	$ 45,114,000
Current Ratio	1.53	1.44
Shareholders' Equity	$126,485,000	$106,520,000

General Host Corporation

22 Gate House Road
P.O. Box 10045
Stamford, Connecticut 06904
(203) 357-9900

Officers: Harris J. Ashton, chairman of the board, president & chief executive officer; Edward H. Hoornstra, vice chairman of the board & president-Specialty Retailing Group; James C. Hull, v.p. & controller; Richard Gould, v.p.-human resources; George K. Gill, treasurer; William F. Downey, secretary; Robert G. Kuhbach, gen. counsel.

Directors: Charles B. Johnson*, C. Whitcomb Alden, Jr., Harris J. Ashton*, William F. Downey*, Weston E. Hamilton, Philip B. Harley, Richard W. Haskel, Edward H. Hoornstra, Christopher A. Forster.

* Member of the Executive Committee.

Business Activities: Engaged in the operation of 131 Frank's Nursery & Craft retail stores located in 10 states in the eastern half of the U.S.; and 26 Flower Time garden and craft centers in New York, New Jersey, and Connecticut; also operates 264 Hickory Farms of Ohio specialty food retail stores and franchises an additional 257 stores located in shopping malls throughout the United States, 171 Hot Sam pretzel shops selling fresh baked pretzels in shopping mall, and 104 Corn Dog on a Stick stores selling "corn dogs" in shopping malls, in 30 states. The All American Gourmet Company subsidiary manufactures and markets frozen entrees under The Budget Gourmet label.

Divisions and Subsidiaries:

American Salt Company
3142 Broadway
Kansas City, Missouri 64111
(816) 753-7100

Hot Sam Companies
P.O. Box 25076
Tampa, Florida 33622
(813) 872-6833

Milk Specialties Company
P.O. Box 278 - Water at Illinois Sts.
Dundee, Illinois 60118
(312) 426-3411

Frank's Nursery & Crafts, Inc.
6399 E. Nevada
Detroit, Michigan 48234

Hickory Farms of Ohio
300 Holland Road
Maumee, Ohio 43527
(419) 893-7611

The All Amerian Gourmet Company (80% owned)
Orange, California

Flower Time, Inc.
1178 Route 109
Lindenhurst, New York 11757
(516) 957-3300

Acquisition(s):

Scotts Seaboard Corporation
Retail chain of 17 home improvement centers in the Baltimore-Washington area.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, N.Y. 10001

Stock Exchange(s): New York, Pacific

Ticker Symbol: GH

Number of Stores: (at fiscal year end)

1985	606	1982	805
1984	644	1981	914
1983	1,013		

Sales and Earnings

	Net Sales † (000's)	Net Income ‡ (000's)
1985	$ 581,970	$ 29,720
1984	563,486	92,122
1983	472,234	17,949
1982	286,755	9,681
1981	256,056	13,968

	No. of Com. Shares +	Earn. per Share #‡
1985	26,663,000	$ 1.08
1984	28,342,000	3.24
1983	28,513,000	0.62
1982	29,311,000	0.42
1981	16,611,000	0.84

† Of continuing operations only.
‡ Including extraordinary gain of $2,300,000 ($0.14 per share) in 1981 and extraordinary loss of $1,400,000 ($0.05 per share) in 1982.
+ Adjusted to reflect stock splits.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1985	1984
Nursery & Craft stores	$ 256,284	$ 203,650
Specialty food stores	143,204	145,534
Frozen food prods.	91,251	128,846
Salt & agricultural prods.	91,231	85,456
Total	$ 581,970	$ 563,486

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1985	$0.20	—	3-for-2
1984	0.178	—	3-for-2
1983	0.156	—	5-for-4
1982	0.142	—	5-for-4
1981	0.128	—	2-for-1

# Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share#
1985	$ 233,821,000	$ 8.85
1984	228,051,000	8.10
1983	147,014,000	5.22
1982	134,503,000	4.78
1981	77,520,000	4.79

# Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	1/26/86	1/27/85
Net sales	$ 581,970	$ 563,486
Gain from sale of div.	11,077	75,000
Other income	16,963	7,300
Total Income	$ 610,010	$ 645,786
Cost of sales	448,832	424,293
Expenses	90,283	98,684
Depreciation & amortization	17,435	15,629
Interest expense	22,510	24,551
Minority interest	379	—
Income before taxes	$ 30,571	$ 82,629
Income taxes	851	30,182
Inc.-cont. oper.	$ 29,720	$ 52,447
Inc.-discont. oper.	—	39,675
Net Income	$ 29,720	$ 92,122

* Included in Costs and Expenses. Depreciation and Amortization: $17,435,000 in 1985 and $15,629,000 in 1984.

Assets
(000's)

As of	1/26/85	1/27/85
Cash	$ 21,034	$ 33,996
Marketable securities	148,798	171,436
Accts. & notes receiv., net	38,899	38,396
*Inventories	85,297	64,231
Prepaid expenses	4,548	3,074
Current Assets	$ 298,576	$ 311,133
#Fixed Assets	237,693	174,576
Intangibles and other assets	59,507	60,120
Total Assets	$ 595,776	$ 545,829

Liabilities
(000's)

Long-term debt, curr.	$ 8,469	$ 5,949
Accts. payable	61,315	77,852
Accruals	35,837	54,748
Curr. Liabilities	$ 105,621	$ 138,549
Long-term debt	225,376	154,784
Reserves & defer. credits	25,924	24,445
Minority interest	5,034	—
+Common stock	31,752	21,163
Add. paid-in capital	89,021	98,918
Retained earnings	146,549	122,333
Treasury stock	(31,313)	(12,825)
Notes receiv.-stock option	(2,188)	(1,538)
Total Liabilities & Shareholders' Equity	$ 595,776	$ 545,829

* At lower of cost (FIFO) or market
# Less accumulated depreciation and amortization.
+ **$1 par value.**

Statistical Summary

%Income bef. Taxes to Sales	5.25	—
%Net Income to Sales	5.11	—
%Net Income to Equity	12.71	40.40
Sales to Inventories	6.82	8.77
Debt to Equity	1.00	0.70
Working Capital	$192,955,000	$172,584,000
Current Ratio	2.83	2.25
Shareholders' Equity	$233,821,000	$228,051,000

General Mills, Inc.

9200 Wayzata Boulevard
P.O. Box 1113
Minneapolis, Minnesota 55440
(612) 540-2311

Officers: H. Brewster Atwater, Jr., chairman of the board & chief exec. officer; F. Caleb Blodgett, vice chairman-Consumer Foods; Paul L. Parker, exec. v.p. & chief administrative officer; Mark H. Willes, exec. v.p. & chief financial officer; Walter R. Barry, Jr., Joe R. Lee, Arthur R. Schulze, Richard F. Kral, Stephen M. Rothschild, exec. v.p.'s; John L. Frost, sr. v.p.-personnel; John V. Luck, sr. v.p. & technical director; Thomas P. Nelson, sr. v.p. & controller; Clifford L. Whitehill, v.p., secretary & general counsel; James L. Weaver, v.p. & treasurer.

Directors: H. Brewster Atwater, Jr.*, Betsy Ancker-Johnson, F. Caleb Blodgett*, N. Bud Grossman, Stephen F. Keating*, Lewis W. Lehr, Louis W. Menk, John W. Morrison*, Gwendolyn A. Newkirk, William F. Pounds, Edward S. Reid*, George Putnam, Frederick W. Smith, Richard M. Bressler, Mark H. Willes, C. Angus Wurtele.

* Member of the Executive Committee.

Business Activities: Engaged in the production and marketing of food products (breakfast and snack items, mixes, flour, seafood, etc.); commercial foods and ingredients; restaurant activities; and retail operations through Eddie Bauer, Inc., which sells men's and women's apparel as well as camping and outdoor equipment through its 39 Eddie Bauer stores; the Talbots, Inc., which sells classic women's clothing and accessories through its 59 Talbots stores; and Pennsylvania House/Kittinger which manufactures and retails furniture. Eddie Bauer and The Talbots sell by mail order catalogs as well as through retail sales.

Retailing Operations:

Eddie Bauer, Inc.
15010 N.E. 36th Street
Redmond, Washington 98052
(206) 882-6100
Outdoor recreational and sporting clothing and equipment.

The Talbots, Inc.
175 Beal Street
Hingham, Massachusetts 02043
(617) 749-7600
Retail and mail catalog sales of men's and women's clothing.

York Steak House
Operates 129 cafeteria-style restaurants.

Red Lobster Inns
Operates 375 seafood restaurants.

Good Earth Restaurants
Operates 20 restaurants in 4 states which specialize in natural foods.

Acquisition(s):

Leeann Chin's, Inc.
Marketing of Chinese food.

Vroman Foods
Manufacturer of ice cream specialties and other frozen snack products.

Transfer Agent(s):

First National Bank of Minneapolis
c/o Bradford Trust Company
67 Broad Street
New York, New York 10004

First National Bank of Minneapolis
P.O. Box A799
Minneapolis, Minnesota 55480

Stock Exchange(s): New York, Midwest

Ticker Symbol: GIS

Number of Stores: (at fiscal year end)

1985	119	1982	224
1984	224	1981	125
1983	244		

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's)
1985	$ 4,285,200	$ (72,900)
1984	5,600,800	233,400
1983	5,500,800	245,100
1982	5,312,100	225,500
1981*	4,852,400	196,600

	No. of Com Shares #	Earn. per Share #
1985	44,700,000	$ —
1984	46,900,000	4.98
1983	50,100,000	4.89
1982	50,560,000	4.46
1981*	50,349,000	3.90

(Loss)
* 53 weeks.
‡ Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business #

	1985 (000's)	1984 (000's)
Consumer foods	$ 2,771,300	$ 2,713,400
Restaurants	1,140,100	1,079,700
Spec. ret. & other	373,800	325,300
Total Sales	$ 4,285,200	$ 4,118,400

# Of continuing operations only.

Genesco Inc.

Genesco Park
Nashville, Tennessee 37202
(615) 367-7000

Officers: Richard W. Hanselman, chairman, president & chief executive officer; Larry B. Shelton, exec. v.p., president & chief exec. officer-The Greif Companies; Thomas B. Clark, v.p. & general counsel; Jack V. Gunion, v.p. & president-U.S. Retail Group; Don R. Martin, v.p.-human resources; William S. Wire, II, sr. v.p.-finance; William C. O'Connor, secretary & assoc. general counsel; James S. Gulmi, v.p. & treasurer; Richard L. Daniels, v.p. & gen. mgr.-Footwear Operations & Wholesale Divisions; William Dragon, Jr., v.p. & gen. mgr.-Johnston & Murphy.

Directors: Richard W. Hanselman*, chairman; Nelson C. Andrews, Sidney Davidson*, John Diebold, Harry D. Garber, Pierre A. Rinfret*, Kenneth L. Roberts*, Edward E. Watson*, David K. Wilson*, Toby S. Wilt, Richard A. Voell.

* Member of the Executive Committee.

Business Activities: Genesco's business falls into three major areas: retailing, footwear, and men's apparel manufacturing. Operates 1,088 stores and leased departments throughout the U.S. and Canada.

Divisions and Subsidiaries:

Manufacturing and Wholesale:

BBC Hosiery
P.O. Box 370
213 Grand Street
Lenoir City, Tennessee 37771
(615) 986-3531
Women's, infants', children's & men's hosiery.

Mitre Sports
Genesco Park, Room 328
Nashville, Tennessee 37202
(615) 367-7475
Athletic shoes.

Camp Hosiery
350 5th Avenue, 73rd Floor
New York, New York 10118
(212) 760-8899
Hosiery for men and women.

Capitol Products Company
Genesco Park
Nashville, Tennessee 37202
(615) 367-7789
Cartons and containers.

Southern Sole
940 Trinity Lane
Nashville, Tennessee 37202
(615) 367-8473
Cut soles, insoles, findings and unit shoes.

Laredo/Cedar Crest Boots
Genesco Park
Nashville, Tennessee 37202
(615) 367-7138
Laredo western boots for men, women, and children. Cedar Crest work, safety and sport shoes.

Charm Step Shoe Company
Genesco Park
Nashville, Tennessee 37202
(615) 367-7113
Women's popular priced shoes.

Dominion Shoe Company
Genesco Park
Nashville, Tennessee 37202
(615) 367-8135
Shoes for private label volume trade.

Footwear-Distribution Centers
Genesco Park
Nashville, Tennessee 37202

Footwear-Material Management
Genesco Park
Nashville, Tennessee 37202
(615) 367-7811

General Adhesives
6100 Centennial Boulevard
Nashville, Tennessee 37202
(615) 367-7833
Adhesives, finishes, caulks, and chemical products.

Valmart Distributing
Genesco Park
Nashville, Tennessee 37202
(615) 367-8220
Wholesale factory-damaged shoes.

Volunteer Leather
Genesco Park
Nashville, Tennessee 37202
(615) 367-8261
Side leather tanning, finishing and distribution.

Johnston & Murphy Shoe Company
Genesco Park
Nashville, Tennessee 37202
(615) 367-8101
J & M Frank Bros. shoes for men, Johnston & Murphy men's shoes.

Greif Companies
939 Marcon Boulevard
P.O. Box 9000
Allentown, Pennsylvania 18001
(215) 266-2200
Men's and women's clothes.

Valmore Leather Company
Genesco Park
Nashville, Tennessee 37202
(615) 767-8261
Cut soles, insoles, finding, unit soles and foot care products.

Wood & Hyde Leather Company
Gloversville, New York 12078
(518) 725-7105
Shoe and garment leather.

Wrangler
Genesco Park
Nashville, Tennessee 37202
(615) 367-7343
Wrangler casual shoes for men and women and selected styles of Mitre athletic shoes.

Genesco Retail:

Foot Scene
Genesco Park
Nashville, Tennessee 37202
(615) 367-7513
Popular priced family shoe stores.

Genesco Factory To You Shoes
Genesco Park
Nashville, Tennessee 37202
(615) 367-7363
Family footwear and accessories at factory prices.

Hardy Shoe Stores
Genesco Park
Nashville, Tennessee 37202
(615) 367-7444
Popular priced men's shoe stores.

Jarman/Flagg
Genesco Park
Nashville, Tennessee 37202
(615) 367-7222
Men's shoe stores and leased departments featuring Jarman shoes.

Genesco International:

Genesco Canada, Inc. Retail Division
298 Park Road North
Brantford, Ontario, Canada N3T 5T9
(519) 752-7854
Agnew coast-to-coast chain of family shoe boutiques in major cities and leased departments.

Genesco Canada, Inc.
401 Fountain Street North
Cambridge, Ontario, Canada
(519) 653-5783
Includes: General Shoe of Canada, Agnew, Dexter and leased departments.

Transfer Agent(s):

Morgan Guaranty Trust Company
(common & preferred stock)
New York, New York 10004

Stock Exchange(s): New York, Midwest

Ticker Symbol: GCO

Number of Stores: (at fiscal year end)

1985	1,088	1982	1,194
1984	1,098	1981	1,134
1983	1,157		

Sales and Earnings

	Net Sales † (000's)	Net Income ‡ (000's)
1985*	$ 297,372	$ 4,548
1984	606,264	18,745
1983	639,761	(1,971)
1982	664,805	1,099
1981	662,490	18,063

	No. of Com. Shares	Earn. per Share #‡
1985*	15,080,800	$ 0.23
1984	15,044,934	1.08
1983	14,419,621	—
1982	14,328,535	—
1981	12,656,260	1.16

* 6 months.
(Loss)
† Of continuing operations only.
‡ Including extraordinary gains of $271,000 ($0.01 per share) in 1985, $3,395,000 ($0.22 per share) in 1984, $1,001,000 ($0.07 per share) in 1983 and $6,495,000 ($0.51 per share) in 1981.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1985	1984
Footwear:		
Shoes & hosiery	$ 133,984	$ 411,990
Raw materials	87,419	51,343
Total Footwear	$ 221,403	$ 463,333
Men's apparel:		
Tailored	57,797	109,289
Hosiery	18,172	31,847
Total Apparel	$ 75,969	$ 141,136
Divested operations	—	1,795
Total	$ 297,372	$ 606,264

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 68,650,000	$ 4.55
1984	64,865,000	3.17
1983	41,883,000	1.86
1982	41,733,000	2.01
1981	33,847,000	1.14

Income Account *
(000's)

Year ended	1/31/85 (6 months)	7/31/84
Net sales	$ 297,372	$ 606,264
Cost of sales	191,931	382,422
Expenses	92,868	192,125
Interest expense	6,117	12,517
Other expense (income)	(720)	522
Inc. (loss) bef. taxes	$ 7,176	$ 18,678
Income taxes	2,800	7,634
Inc. - cont. oper.	$ 4,376	$ 11,044
Inc. - discont. oper.	—	4,306
Net Income	$ 4,376	$ 15,350
Extraord. credit	172	3,395

Net Income & Extraord. Credit	$ 4,548	$ 18,745

* Included in Costs and Expenses, Depreciation and Amortization: $4,998,000 in 1985 and $10,074,000 in 1984.

Assets
(000's)

As of	1/31/85	7/31/84
Cash	$ 10,554	$ 7,796
Marketable securities	31,426	24,192
Receiv., net	66,032	74,834
*Inventories	129,757	137,592
Prepaid expenses	2,754	2,888
Curr. Assets	$ 240,523	$ 247,302
Other assets	5,656	5,302
#Fixed assets	76,370	76,837
Total Assets	$ 322,549	$ 329,441

Liabilities
(000's)

Long-term debt, curr.	$ 8,506	$ 8,434
Capitalized lease oblig., curr.	3,243	3,158
Accts. payable & accruals	48,784	53,826
Prov. for oper. divested	1,818	2,432
Curr. Liabilities	$ 62,351	$ 67,850
Long-term debt	102,761	105,433
Cap. lease oblig.	23,105	24,918
Prov. for oper. divested	13,515	11,411
Deferred taxes	1,010	4,133
Redeem. pref. stock	21,929	21,698
Non-redeem. pref. stock	29,228	29,133
+ Common stock	15,569	15,533
Add. paid-in capital	80,246	80,440
Accumulated deficit	(4,732)	(9,254)
Treasury stock	(17,857)	(17,857)
Emp. stock purch. accts.	(518)	(520)
For. curr. trans. adjust.	(4,058)	(3,477)
Total Liabilities & Shareholders' Equity	$ 322,549	$ 329,441

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	4.47	16.33
Sales to Inventories	2.29	4.41
Debt to Equity	1.14	1.21
Working Capital	$178,172,000	$179,452,000
Current Ratio	3.85	3.64
Shareholders' Equity	$ 97,878,000	$ 93,998,000

Genovese Drug Stores, Inc.

80 Marcus Drive
Melville, New York 11747
(516) 420-1900

Officers: Leonard Genovese, chairman of the board & chief exec. officer; Patrick R. Edwards, president & chief operating officer; Herbert J. Kett, sr. v.p.; Jerome Stengel, v.p. & treasurer; Donald W. Gross, v.p. & secretary; Ralph J. Rescildo, Dominick Lettieri, Alan Patrick, Raymond Rescildo, Robert McCarthy, v.p.'s; Emil DiLollo, James Flinter, Owen Rees, asst. v.p.'s.

Directors: Frances A. Wangberg, Leonard Genovese, William J. McKenna, Herbert J. Kett, Benjamin F. Leventhal, Charles Hayward, Edward J. Brady, Patrick R. Edwards, Abraham Allen.

Business Activities: Operates a chain of Genovese Drug Stores located in New York, New Jersey and Connecticut.

Divisions:

Genco Distributors Division
100 Orville Drive
Bohemia, New York 11716

A distributor of cosmetics, health and beauty aids, and sundries.

Living Color Labs
199 Glen Street
Glen Cove, New York 11542
Photo-finishing labs.

Genrex Pharmacy Services
80 Marcus Drive
Melville, New York 11747

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: GDX

Number of Stores: (at fiscal year end)

1985	77	1982	61
1984	72	1981	58
1983	66		

Sales and Earnings

	Net Sales	Net Income
1986	$ 233,174,000	$ 2,929,000
1985	220,295,000	4,137,000
1984	193,772,000	3,856,000
1983	158,651,000	2,643,000
1982	134,155,000	1,780,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	4,032,286	$ 0.73
1985	4,031,921	1.03
1984	4,020,306	0.96
1983	3,969,686	0.67
1982	3,948,436	0.45

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend and stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.20	—	—
1985	0.20	—	—
1984	0.16	20%	2-for-1
1983	0.10	—	—
1982	0.08	—	—

‡ Adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 25,257,000	$ 6.26
1985	23,135,000	5.74
1984	19,816,000	4.93
1983	16,418,000	4.14
1982	14,148,000	3.58

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend and stock split.

Income Account *

Year ended	1/31/86	2/1/85
Net sales	$ 233,174,000	$ 220,295,000
Cost of sales	165,659,000	154,828,000
Expenses	65,512,000	56,115,000
Interest exp. (income)	1,682,000	1,465,000
Gain on sale	(4,265,000)	—
Income before taxes	$ 4,586,000	$ 7,887,000
Income taxes	1,657,000	3,750,000
Net Income	$ 2,929,000	$ 4,137,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,176,000 in 1986 and $1,656,000 in 1985.

Assets

As of	1/31/86	2/1/85
Cash	$ 280,000	$ 1,225,000
Receiv., net	4,333,000	4,104,000
Refundable income taxes	662,000	—
*Inventories	43,603,000	34,401,000
Prepaid expenses	674,000	863,000
Current Assets	$ 49,552,000	$ 40,593,000
#Fixed assets	17,786,000	15,516
Funds held in escrow	7,990,000	—
Other assets & deferred charges	1,800,000	950,000
Total Assets	$ 77,128,000	$ 57,059,000

Liabilities

Notes payable	$ 458,000	$ 1,000,000
Long-term debt, curr.	1,420,000	591,000
Accts. payable	19,629,000	16,635,000
Accruals	2,951,000	3,175,000
Income taxes	744,000	881,000
Other taxes	1,429,000	1,274,000
Curr. Liabilities	$ 26,631,000	$ 23,556,000
Long-term debt	22,280,000	8,300,000
Deferred income taxes	2,960,000	2,068,000
+ Common stock	4,049,000	4,049,000
Add. paid-in capital	7,213,000	7,213,000
Retained earnings	14,193,000	12,071,000
Treasury stock	(198,000)	(198,000)
Total Liabilities & Shareholders' Equity	$ 77,128,000	$ 57,059,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.97	3.58
%Net Income to Sales	1.26	1.88
%Net Income to Equity	11.60	17.88
Sales to Inventories	5.35	6.40
Debt to Equity	0.96	0.43
Working Capital	$22,921,000	$17,037,000
Current Ratio	1.86	1.72
Shareholders' Equity	$25,257,000	$23,135,000

George Weston Limited

22 St. Clair Avenue East
Suite 1901
Toronto, Ontario, Canada M4T 2S7
(416) 922-2500

Officers: W. Galen Weston, chairman of the board & president; Richard J. Currie, sr. v.p.; Mark Hoffman, chairman-IFM Trading Ltd.; Robert H. Kidd, sr. v.p. & chief financial officer; David A. Nichol, sr. v.p.; David R. Beatty, president Food Processing Group; Earl R. Pearce, president-Resource Group; William A. Sloan, v.p.-finance; Ivan R. Franklin, v.p.; Stewart E. Green, v.p. & gen. counsel; Terrence H. Wardrop, v.p. & controller; G. Ross Lawford, gen. mgr.-Weston Research Center.

Directors: W. Galen Weston, chairman; John C. Searth, John D. Stevenson, Richard J. Currie, David A. Nichol, Mark Hoffman, S. Simon Reisman, Hugo Mann, Pauline McGibbon, Garry H. Weston, Robert H. Kidd, Earl R. Pearce, David R. Beatty.

Business Activities: Diversified operations in food processing, fisheries, forest products, and wholesale-retail food distribution.

Divisions and Subsidiaries:

Wholesale and Retail

Canadian operations include wholesale and retail marketing of food and other products throughout Canada, catering and restaurant servicing in Western Canada, food manufacturing for distribution in Canada and the United States. Also engaged in wholesale and retail distribution of food and other products in central United States and California. The Company owns warehouses in strategic centers with 292 supermarkets across Canada and 214 in the northeastern and south central United States.

George Weston Limited

Also operates food manufacturing plants in Burnaby, British Columbia. United States facilities include supermarkets located primarily in the central United States with warehouses in major centers.

Canadian Operations

Loblaw Companies Limited (78% owned)
Atlantic Wholesalers Division
National Grocers Company, Limited
Zehrmart Limited
Kelly, Douglas & Company, Limited (73% owned)
National Tea
Loblaw, Ontario

United States Operations

National Tea Co. (73% owned)
Peter J. Schmitt Co., Inc.

Food Processing

Bakery Group
Produces and disbributes a wide variety of baked goods throughout Canada.

Weston Bakeries Limited
Stroehmann Bakeries
Soo Line Mills Limited
McCarthy Milling Company Limited

Biscuit Group
Manufactures and markets sweet biscuits, crackers, ice cream cones, confections and candies throughout Canada and the United States.

InterBake Foods Limited
Weston Foods Limited
Interbake Foods, Inc. (U.S.)

Chocolate & Dairy Group
Manufacturer of chocolate and chocolate products, produces ice cream and dairy products.

William Neilson Limited

Food Specialties Group
Manufactures a variety of toppings and other products for the baking confection, dairy and fountain industries. Packages and distributes a line of dried and glazed fruits, nuts, cereals and health foods. Produces liquid bulk and granulated and packaged white sugars.

Bowes Co. Ltd.

Fisheries
Major suppliers of Pacific coast salmon and a wide variety of fresh, frozen, canned and prepared seafoods, as well as fish meal and oil.

British Columbia Packers Limited (83% owned)
Connors Bros. Limited

Forest Products

Forest Products Group
Manufactures and distributes fine, specialty and kraft papers for printing, converting, packaging and wrapping; paperboard, kraft pulps, lumber, tissue, other household and industrial paper products.

Eddy Paper Company Limited
E. B. Eddy Forest Products Ltd.
Eastern Fine Paper Inc. (U.S.)

Transfer Agent(s):
National Trust Company
Toronto, Montreal & Vancouver, Canada

Stock Exchange(s): Toronto, Montreal, Vancouver

Ticker Symbol: WN

Number of Stores: (at fiscal year end)

1985	366	1983	539
1984	510	1982	506

Sales and Earnings

	Net Sales (000's)	Net Income ‡ (000's)
1985	$ 8,879,800	$ 100,900
1984	8,254,700	93,500
1983	7,799,600	79,200
1982	7,830,462	68,727
1981	7,428,609	95,305

	No. of Com. Shares	Earn. per Share ‡
1985	11,474,679	$ 7.83
1984	11,453,167	7.16
1983	11,438,851	5.93
1982	11,327,936	4.67
1981	11,246,278	7.06

‡ Including extraordinary gains of $4,700,000 ($0.40 per share) in 1984, $600,000 ($0.05 per share) in 1983 and $16,133,000 ($1.44 per share) in 1981 and extraordinary loss of $1,712,000 ($0.15 per share) in 1982.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.76	—	—
1984	1.60	—	—
1983	1.56	—	—
1982	1.56	—	—
1981	1.44	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1985	$ 664,231,000	$ 57.94
1984	587,462,000	51.34
1983	518,275,000	45.36
1982	457,690,000	40.46
1981	421,479,000	37.54

‡ After allowing for preferred stock at redemption values.

Income Account
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 8,879,800	$ 8,254,700
Other income	6,400	8,000
Total Income	$ 8,886,200	$ 8,262,700
Cost of sales	8,482,500	7,891,000
Depreciation	135,500	131,200
Interest expense	71,500	66,800
Income bef. taxes	$ 196,700	$ 173,700
Income taxes	75,600	66,400
Minority interest	20,200	18,500
Net Income	$ 100,900	$ 88,800
Extraord. gains	—	4,700
Net Income & extraord. gains	$ 100,900	$ 93,500

Assets
(000's)

As of Dec. 31	1985	1984
Cash & investments	$ 7,300	$ 23,500
Accts. receiv., net	382,000	311,600
Prop. for sale	7,700	8,200
*Inventories	804,700	687,700
Prepaid expenses	26,600	23,800
Current Assets	$ 1,228,300	$ 1,054,800
Investments	117,200	81,600
#Fixed assets	1,253,300	1,134,000
Other assets	17,600	8,600
Total Assets	$ 2,616,400	$ 2,279,000

Liabilities
(000's)

Bank advances & notes payable	$ 92,900	$ 52,700
Long-term debt, curr.	28,400	14,400
Cap. lease oblig. curr.	9,400	9,000
Accts. payable & accurals	762,600	622,300
Dividends payable	5,400	4,900
Income taxes	31,000	25,600
Curr. Liabilities	$ 929,700	$ 728,900
Long-term debt	463,300	425,300
Cap. lease oblig.	72,400	74,700
Other liabilities	31,600	38,200
Minority interest	169,500	157,000
Deferred inc. taxes	119,900	100,400
+ Preferred stock	165,200	166,500
+ + Common stock	29,200	28,400
Retained earnings	614,900	545,400
For. curr. trans.	20,700	14,200
Total Liabilities & Shareholders' Equity	$ 2,616,400	$ 2,279,000

* At lower of cost and net realizable value.
# Less accumulated depreciation.
+ $100 par value.
+ + No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.22	2.10
%Net Income to Sales	1.14	1.08
%Net Income to Equity	12.16	11.77
Sales to Inventories	11.03	12.00
Debt to Equity	0.80	0.76
Working Capital	$298,600,000	$325,900,000
Current Ratio	1.32	1.45
Shareholders' Equity	$830,000,000	$754,500,000

Giant Food Inc.

6300 Sheriff Road
Landover, Maryland 20785
(301) 341-4100

Mailing Address:
P.O. Box 1804
Washington, D.C. 20013

Officers: Israel Cohen, chairman of the board, president & chief exec. officer; David B. Sykes, sr. v.p.-finance, secretary & treasurer; Pete L. Manos, sr. v.p.-food operations; Alvin Dobbin, sr. v.p.-operations; David Freedman, sr. v.p.-corporate facilities; David W. Rutstein, sr. v.p. & counsel; Jeremiah E. Donovan, v.p.-personnel; Albert J. Lechert, Jr., v.p.-construction operations; Roger D. Olson, v.p.-labor relations; Alan Swoff, v.p.-frozen food operations; David Larson, v.p.-manufacturing; George W. Hannis, Jr., v.p.-delicatessen, meat & seafood; M. Davis Herrman, v.p.-grocery oper.; Emanuel Richman, v.p.-pharmacy oper.; Robert W. Schoening, v.p.-data processing syst.; Terry A. Gans, v.p.-advertising & sales promotion; Odonna Mathews, v.p.-consumer affairs; Samuel E. Thurston, v.p.-distribution; Albert Reinach, controller; Michael J. Bush, v.p.-real estate; Stephen L. Oseroff, v.p.-shopping centers; Arthur Koch, asst. secretary.

Directors: David B. Sykes, Israel Cohen, Millard R. West, Jr., Morton H. Wilner, Richard Waxenberg, O. Roy Chalk, Samuel Lehrman.

Business Activities: Operates a chain of 137 Giant Food supermarkets in Washington, D.C., Maryland and Virginia, of which 79 are food-pharmacy units; also operates one freestanding drug store.

Transfer Agent(s):
The National Bank of Washington
Washington, D.C.

Schroder Trust Company
New York, New York

Stock Exchange(s): American, Philadelphia, Pacific

Ticker Symbol: GFSA

Number of Stores: (at fiscal year end)

	Food Stores	Other Stores
1985	137	1
1984	131	33
1983	130	41

1982	130	40
1981	126	37

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's)
1986	$ 2,247,218	$ 57,003
1985	2,138,789	45,221
1984	1,957,435	40,511
1983	1,852,134	37,213
1982	1,683,881	16,769

	No. of Com. Shares †	Earn. per Share #
1986	29,974,000	$ 1.90
1985	29,779,000	1.53
1984	29,274,000	1.38
1983	29,248,000	1.27
1982	29,506,000	0.57

‡ Of continuing operations.
† Adjusted to reflect stock splits.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.50	—	2-for-1
1985	0.40	—	—
1984	0.30	—	—
1983	0.24	—	3-for-1
1982	0.20	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 271,319,000	$ 9.05
1985	228,728,000	7.68
1984	193,383,000	6.61
1983	161,557,000	5.52
1982	132,810,000	4.50

‡ Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	2/22/86	2/23/85
Net sales	$ 2,247,218	$ 2,138,789
Cost of sales	1,598,486	1,540,585
Expenses	542,362	513,687
Interest expense	3,775	2,089
Income before taxes	$ 102,595	$ 82,428
Income taxes	45,592	37,207
Net Income	$ 57,003	$ 45,221

* Included in Costs and Expenses, Depreciation and Amortization: $32,664,000 in 1986 and $27,166,000 in 1985.

Assets
(000's)

As of	2/22/86	2/23/85
Cash & short-term invest.	$ 92,481	$ 95,904
Receivables net	16,079	11,208
*Inventories	136,471	122,254
Prepaid expenses	6,440	4,112
Current Assets	$ 251,471	$ 233,478
Real estate for future develop.	8,946	9,581
#Fixed assets	269,620	210,609
Prop. under cap. leases	82,459	76,910
Other assets	10,586	9,137
Total Assets	$ 623,082	$ 539,715

Liabilities
(000's)

Long-term debt, curr.	$ 3,373	$ 4,554
Cap. lease oblig., curr.	1,952	2,233
Accts. payable	125,072	108,182
Accruals	49,278	43,116
Dividends payable	3,749	2,977
Income taxes	5,150	4,001
Curr. Liabilities	$ 188,574	$ 165,063
Long-term debt	26,599	24,897
Cap. lease oblig.	99,834	91,789
Prov. for ins. claims	10,507	10,323
Deferred inc. taxes	23,521	17,351
Other liabilities	2,728	1,564
+ Common stock	30,128	15,064
Add. paid-in capital	4,048	2,214
Retained earnings	240,249	213,236
Treasury stock	(3,106)	(1,786)
Total Liabilities & Shareholders' Equity	$ 623,082	$ 539,715

* At lower of cost (primarily LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.57	3.85
%Net Income to Sales	2.54	2.11
%Net Income to Equity	21.01	19.77
Sales to Inventories	16.47	17.49
Debt to Equity	0.49	0.54
Working Capital	$ 62,897,000	$ 68,415,000
Current Ratio	1.33	1.41
Shareholders' Equity	$271,319,000	$228,728,000

Glosser Bros., Inc.

(The Company became privately owned in October 1985.)

Franklin & Locust Streets
Johnstown, Pennsylvania 15901
(814) 536-6633

Officers: Leonard J. Black, chairman of the board; Alvin M. Glosser, president; Herbert S. Sinberg, Paul L. Glosser, sr. v.p.'s; William L. Glosser, secretary; Thomas J. Zurilla, treasurer.

Directors: Leonard J. Black*, Alvin M. Glosser*, Isadore Glosser, Samuel B. Roth, Paul L. Glosser*, Herbert Sinberg*, Sydney Ossip, William L. Glosser*, Clarence A. Peterson, Richard L. Van Horn, W. Louis Coppersmith, Elmer G. Grant, Donald M. Robinson, Wilbur A. Steger.

* Member of the Executive Committee.

Business Activities: Comprised of two operating divisions: the Department Store Division and the Supermarket Division. The department store division retails hardline and softline merchandise. The softline merchandise is comprised of women's, men's and children's apparel; hardlines are comprised of personal care items, home and auto products, and supplies. The supermarket division retails only food and related products.

Operates Glosser Bros., a full line department store in downtown Johnstown, 17 Gee Bee Discount department stores and 10 free-standing Gee Bee Supermarkets. Also operates 6 U-Sav Food Warehouse Stores. Apparel stores are called Gee Bee Jr., Family Apparel Store, Winners, Ladies Off-Price Specialty Store, and Dollar Bargain Stores.

Number of Stores: (at fiscal year end)

	Department Stores	Supermarkets	Apparel Stores
1985	46	16	1
1984	19	15	1
1983	21	15	3
1982	20	13	2
1981	19	13	1

Sales and Earnings

	Net Sales	Net Income
1985	$ 280,079,632	$ 4,224,305
1984	252,879,770	4,313,593
1983	223,751,872	3,105,733
1982	181,745,286	1,256,075
1981*	174,295,019	1,777,606

	No. of Com. Shares +	Earn. per Share ‡
1985	2,269,901	$ 1.87
1984	2,263,545	1.92
1983	2,244,926	1.38
1982	2,244,926	0.56
1981*	2,244,926	0.79

* 53 weeks.
+ Adjusted to reflect stock split.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1985	$0.42	—	—
1984	0.37	—	3-for-2
1983	0.33	—	—
1982	0.32	—	—
1981	0.32	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 32,912,908	$ 14.50
1984	29,537,513	13.08
1983	25,844,714	11.51
1982	23,472,355	10.45
1981	22,934,686	10.21

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended	1/26/85	1/28/84
Net sales	$ 280,079,632	$ 252,879,770
Other income	2,131,202	2,325,386
Total Income	$ 282,210,834	$ 255,205,156
Cost of sales	205,595,588	184,242,108
Expenses	67,474,837	61,700,241
Interest expense	918,104	566,214
Expenses related to store closing	150,000	538,000
Income before taxes	$ 8,072,305	$ 8,158,593
Income taxes	3,848,000	3,845,000
Net Income	$ 4,224,305	$ 4,313,593

* Included in Costs and Expenses, Depreciation and Amortization: $2,788,671 in 1985 and $2,758,011 in 1984.

Assets

As of	1/26/85	1/28/84
Cash	$ 1,233,127	$ 4,553,068
Accts. receiv., net	5,976,786	4,506,698
*Inventories	27,478,591	22,784,843
Prepaid expenses	1,388,722	951,096
Current Assets	$ 36,077,226	$ 32,795,705
#Fixed assets	13,052,231	11,909,544
Other assets	524,322	332,813
Total Assets	$ 49,653,779	$ 45,038,062

Liabilities

Mortgage payable	$ 470,273	$ 299,933
Accts. payable	4,587,847	5,095,378
Accruals	5,090,576	4,466,333
Income taxes	811,876	1,489,664
Defer. inc. taxes	585,000	416,000

Dividends payable	248,990	224,493
Curr. Liabilities	$ 11,794,562	$ 11,991,801
Long-term debt	3,974,309	2,717,748
Deferred inc. taxes	972,000	791,000
+ Common stock	914,646	914,646
Add. paid-in capital	6,697,692	6,638,932
Retained earnings	26,286,022	23,012,406
Treasury stock	(985,452)	(1,028,471)
Total Liabilities & Shareholders' Equity	$ 49,653,779	$ 45,038,062

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.88	3.23
%Net Income to Sales	1.51	1.71
%Net Income to Equity	12.83	14.60
Sales to Inventories	10.19	11.10
Working Capital	$24,282,664	$20,803,904
Current Ratio	3.06	2.73
Shareholders' Equity	$32,912,908	$29,537,513

Godfrey Company

1200 West Sunset Drive
Waukesha, Wisconsin 53187
(414) 542-9311

Officers: Robert F. Norris, vice chairman & chief executive officer; James H. DeWees, president & chief operating officer; Allen C. Gehrke, sr. v.p.-engineering & development; Rodger G. Scott, sr. v.p.-personnel; Douglas R. Barth, v.p.-warehouse & transportation operations; Kenneth F. Wilkinson, v.p.-meats; Rodney E. Vaughan, v.p.-merchandising; Michael J. George, v.p., chief financial officer & treasurer; Dorothy E. Rau, secretary; Edward T. O'Donnell, v.p. & controller.

Directors: John A. Godfrey, Thomas W. Godfrey, Eugene P. Lawler, Ted C. Wetterau, Wilbert E. Schauer, Robert F. Norris, Dean F. Thomas, Milton F. Lewis, James H. DeWees, Michael J. George.

Business Activities: Godfrey Company is a food distributor and retailer in the greater Milwaukee and southern Wisconsin areas under the names Sentry Foods and Sun Foods.

Subsidiaries:

Crestwood Bakery
1710 South 108 Street
West Allis, Wisconsin 53214
(414) 4[illegible]-4790

Artesian Farms, Inc.
RR #1
Palmyra, Wisconsin 53156
(414) 495-2421

Store Equipment, Inc.
1200 W. Sunset Drive
Waukesha, Wisconsin 53187
(414) 542-9311

Sentry Markets, Inc.
1200 West Sunset Drive
Waukesha, Wisconsin 53187
(414) 542-9311

Ball Motor Service, Inc.
1200 West Sunset Drive
Waukesha, Wisconsin 53187
(414) 542-9311

Sentry Drugs, Inc.
1200 West Sunset Drive
Waukesha, Wisconsin 53187
(414) 542-9311

Jay's of Waukesha, Inc.
1200 West Sunset Drive
Waukesha, Wisconsin 53187
(414) 542-9311

Hub City Foods Incorporated
Marshfield, Wisconsin
Wholesale food distributor.

Transfer Agent(s):

First Wisconsin Trust Company
P.O. Box 2054
Milwaukee, Wisconsin 53201

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GDFY (NASDAQ)

Number of Stores: (at fiscal year end)

1986	N.A.	1983	88
1985	84	1982	93
1984	85		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 601,776,000	$ 5,473,000
1985	533,813,000	2,781,000
1984	499,393,000	1,508,000
1983	485,715,000	2,069,000
1982	447,136,000	2,665,000

	No. of Com. Shares #	Earn. per Share ‡
1986	2,738,802	$ 2.00
1985	2,656,387	1.04
1984	2,605,558	0.58
1983	2,607,208	0.79
1982	2,623,188	1.02

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.
# Adjusted to reflect stock dividend and stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.49	10%	—
1985	0.46	—	3-for-2
1984	0.43	—	—
1983	0.43	—	—
1982	0.43	—	—

‡ Adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 33,854,000	$ 12.36
1985	28,940,000	10.89
1984	26,936,000	10.34
1983	26,576,000	10.19
1982	25,770,000	9.82

‡ Adjusted to reflect stock dividend and stock split.

Income Account *

Year ended	2/22/86	2/23/85
Net sales	$ 601,776,000	$ 533,813,000
Cost of sales	511,970,000	455,707,000
Expenses	78,027,000	71,758,000
Interest & other debt exp.	2,016,000	1,967,000
Income before taxes	$ 9,763,000	$ 4,381,000
Income taxes	4,290,000	1,600,000
Net Income	$ 5,473,000	$ 2,781,000

* Included in Costs and Expenses, Depreciation and Amortization: $5,104,000 in 1986 and $5,035,000 in 1985.

Assets

As of	2/22/86	2/23/85
Cash	$ 2,755,000	$ 2,603,000
U.S. Treasury bills	10,169,000	11,550,000
Accts. receiv.,net	4,778,000	3,381,000
*Inventories	31,657,000	29,013,000
Prepaid exp. & taxes	4,352,000	5,106,000
Deferred employee benefits	4,125,000	2,394,000
Curr. Assets	$ 57,836,000	$ 54,047,000
Investments	1,412,000	1,535,000
#Fixed assets	40,061,000	40,596,000
Total Assets	$ 99,309,000	$ 96,178,000

Liabilities

Long-term debt, curr.	$ 1,746,000	$ 1,990,000
Accts. payable	29,588,000	28,035,000
Accrued compensation	5,049,000	5,614,000
Accrued employee benefits	—	1,781,000
Fed. & state taxes	—	553,000
Other taxes	2,651,000	2,132,000
Curr. Liabilities	$ 39,034,000	$ 40,105,000
Long-term debt	20,406,000	22,156,000
Deferred compensation	3,964,000	3,476,000
Deferred inc. taxes	2,051,000	1,501,000
+ Common stock	2,767,000	2,434,000
Add. paid-in capital	15,705,000	9,979,000
Retained earnings	15,647,000	16,685,000
Treasury stock	(265,000)	(158,000)
Total Liabilities & Shareholders' Equity	$ 99,309,000	$ 96,178,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation & amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.62	0.82
%Net Income to Sales	0.91	0.52
%Net Income to Equity	16.17	9.61
Sales to Inventories	19.01	18.40
Debt to Equity	0.65	0.83
Working Capital	$18,802,000	$13,942,000
Current Ratio	1.48	1.35
Shareholders' Equity	$33,854,000	$28,940,000

Gordon Jewelry Corporation

820 Fannin Street
Houston, Texas 77002
(713) 222-8080

Officers: Harry B. Gordon, Aron S. Gordon, co-chairmen; Daniel P. Gordon, president & chief exec. officer; W. Lowry Barfield, vice-chairman, chief financial officer & secretary; James C. Gordon, exec. v.p. & chief operating officer; Douglas B. Gordon, sr. v.p.-corporate development; Larry T. Hampton, sr. v.p.-dir. of human resources & development; Stanley J. Hoffman, sr. v.p.-credit administration; Leonard R. Schneider, sr. v.p.-real estate; Ray A. Gipson, v.p.-corporate administration; Morton Levin, sr. v.p.-store operations; Joe N. Viser, B. Ray Bond, Robert W. Bridel, v.p.'s; Robert A. Miller, Jr., v.p.-store systems & admin.; Joe F. Williams, v.p.-store design & construction; William R. Leighton, sr. v.p.-finance & treasurer; J. David Adams, v.p.-mgt. training & development; Harvey S. Barandes, asst. v.p.-merchandising; Irving L. Robbins & Bruce E. Chadwick, v.p.'s-Catalog-Showroom Stores Division; Vincent Ambriola, sr. v.p.-corporate info. systems; Paul G. Donahue, v.p.-corporate security adm.; Maurice Lagnado, v.p.-credit policies & systems; Curtis L. Moore, v.p.-advertising adm.; Robert L. Biediger, v.p.-corporate systems; Richard A. Winans, v.p.-credit operations; Sylvia Marasek, Mary Dell Lacey, Nelda R. Brister, asst. secretaries; James E. Ferguson, asst. v.p.-inventory management; Ralph B. Gomez, asst. v.p.-advertising director; David J. Cozad, Jr., asst. v.p.-telecommunications; John S. Gupton, asst. v.p.-senior watch buyer; Jay T. Koetter, asst. v.p.-information systems & services; Maurice W. Reynolds, asst. v.p.-purchasing; Donna M. Murphy, asst. v.p.-jewelry mdse. mgr.; Robert L. Luikens, asst. controller; Barre B. Monigold, asst. v.p.-air media director; Dennis D. Sucec, v.p.-corporate tax mgr.; Glenn J. Blessman, asst. treasurer-budget director; Stanley Grossman, v.p.-store mdse. coordinator.

Directors: Harry B. Gordon, Aron S. Gordon, James C. Gordon, Edward F. Clark, Jr., W. Lowry Barfield, Daniel P. Gordon, John E. Whitmore, Larry T. Hampton, Leonard Schneider, Jack S. Blanton, Roy L. Dye, Jr., Arnold M. Miller, Douglas B. Gordon, L. William Heiligbrodt.

Business Activities: Operates a chain of jewelry stores throughout the United States and Puerto Rico. The names of the company's traditional jewelry stores are: Citizens, Feder's, Lawton's, Linz Bros., Kolstad Jewelers, Palley's Jewelers, Mermod-Jaccard-King, D.P. Paul, Rost, Stelfox, Stief-Jaccard's, Sweeney's, and J. Herbert Hall Jewelers. The names of the company's contemporary jewelry stores are: Gordon's Jewelers and Daniel's Jewelers. The Company also operates a chain of catalog-showroom stores.

Divisions:

Contemporary Jewelry Stores Division
Traditional Jewelry Stores Division
Catalog-Showroom Stores Division

Transfer Agent(s):

Texas Commerce Bank
National Association
Houston, Texas 77002

Stock Exchange(s): New York

Ticker Symbol: GOR

Number of Stores: (at fiscal year end)

	Jewelry Stores	Catalog Showrooms
1985	599	56
1984	605	55
1983	597	49
1982	590	45
1981	559	41
1980	500	31

Sales and Earnings

	Net Sales +	Net Income
1985	$ 501,686,950	$ 8,480,241
1984	506,425,819	27,338,600
1983	474,853,221	19,825,102
1982	489,804,050	21,724,465
1981	481,534,351	26,309,440

	No. of Com. Shares ‡	Earn. per Share #
1985	11,337,374	$ 0.72
1984	11,765,301	2.33
1983	11,386,951	1.76
1982	11,197,606	1.94
1981	11,184,544	2.36

+ Of continuing operations only.
‡ Class A and Class B stock combined; adjusted to reflect stock splits.
# Based on the average number of common shares and common equivalents outstanding adjusted to reflect stock splits.

Revenue By Line of Business

	1985	1984	1983	1982
Contemporary stores	47%	45%	42%	41%
Catalog-Showroom stores	27	28	30	29
Traditional stores	26	26	25	27
Leased depts.	—	1	3	3
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985 Class A	$0.51	—	—
1984 Class A	0.465	—	4-for-3
1983 Class A	0.42	—	—
1982 Class A	0.42	—	—
1981 Class A	0.38	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 255,705,734	$ 22.55
1984	260,388,634	22.13
1983	233,030,210	20.46
1982	215,262,665	19.22
1981	198,109,975	17.71

‡ Based on common stock Classes A and B combined; adjusted to reflect stock splits.

Income Account *

Year ended Aug. 31	1985	1984
Net sales	$ 501,686,950	$ 506,425,819
Cost of sales	307,384,762	295,932,854
Expenses	161,468,675	157,798,162
Prov. for doubtful accts.	13,760,752	9,469,008
Interest expense	4,910,520	4,366,153
Gain on sale of assets	—	(9,527,958)
Income before taxes	$ 14,162,241	$ 48,387,600
Income taxes	5,682,000	21,049,000
Net Income	$ 8,480,241	$ 27,338,600

* Included in Costs and Expenses, Depreciation and Amortization: $6,170,058 in 1985 and $5,772,598 in 1984.

Assets

As of Aug. 31	1985	1984
Cash	$ 5,961,156	$ 7,365,048
Accts. receiv., net	90,199,738	81,446,078
Other receiv.	5,412,729	2,090,250
*Inventories	240,587,997	254,293,876
Prepaid expenses	803,425	1,875,949
Current Assets	$ 342,965,045	$ 347,071,201
Investments	2,703,944	3,540,378
#Fixed assets	54,571,835	46,273,000
Other assets	10,945,737	11,805,409
Total Assets	$ 408,482,617	$ 405,149,610

Liabilities

Notes payable	$ 40,088,644	$ 29,887,742
Accts. payable	55,963,223	52,881,538
Accruals	15,679,984	16,085,838
Income taxes	22,540,554	27,108,000
Curr. Liabilities	$ 134,272,405	$ 125,963,118
Long-term debt	18,504,478	18,797,858
+Common stock	11,765,434	11,765,301
Add. paid-in capital	24,874,749	24,873,366
Retained earnings	226,247,961	223,749,967
Treasury stock	(7,182,410)	—
Total Liabilities & Shareholders' Equity	$ 408,482,617	$ 405,149,610

* At lower of cost or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.82	9.55
%Net Income to Sales	1.69	5.40
%Net Income to Equity	3.32	10.50
Sales to Inventories	2.09	1.99
Debt to Equity	0.23	0.19
Working Capital	$208,692,640	$221,108,083
Current Ratio	2.55	2.76
Shareholders' Equity	$255,705,734	$260,388,634

W.R. Grace & Co.

Grace Plaza
1114 Avenue of the Americas
New York, New York 10036
(212) 819-5500

Officers: J. Peter Grace, chairman of the board & chief executive officer; Carl Graf, president & chief operating officer; Charles H. Erhart, Jr., vice chairman & chief administrative officer; Harold R. Logan, D. Walter Robbins, Jr., vice chairmen; Felix E. Larkin, chairman of the executive committee; Robert A. Clabault, Terrence D. Daniels, Donald E. Grimm, Lloyd L. Jaquier, Robert W. Samuels, Anwar Soliman, Lawrence C. McQuade, Paul D. Paganucci, John F. Spellman, Edward H. Tutun, exec. v.p.'s; Albert A. Eustis, exec. v.p., general counsel & secretary; J.P. Bolduc, exec. v.p. & chief financial officer; Charles E. Brookes, J. Murfree Butler, Thomas M. Doyle, Christian F. Horn, Antonio Navarro, George J. Winchell, E. Harold Culp, Gerald G. Garbacz, Kenneth G. Gilkey, O. Benjamin Hander, Robert E. Herlihy, Donald H. Kohnken, M. Leon Jensen, Pedro F. Mata, Brian J. Smith, Carl W. Lorentzen, sr. v.p.'s; Francis J. Brennan, sr. v.p. & treasurer; F. Peter Boer, Samuel J. Cerny, Charles H. Ehlers, Francis D. Flanagan, Thomas R. Fowler, James R. Gregath, Adley W. Hemphill, John Hirsch, Fred E. Bennett, William B. Sturgis, Daniel P. Tucci, Laurence R. Veator, Jr., John F. Williams, Elwood S. Wood, Roger V. Rowe, John A. Dudley, Klaus G. Scheye, v.p.'s; Lawrence G. Besson, Martin M. Casey, Edward G. Najjar, Ralph S. Roberts, Robert C. Walsh, Brian B. Burns, Gail Erickson, Edward T. Harvey, James J. Latchford, George N. McNair, Kenneth Y. Millian, James P. Neeves.

Directors: J. Peter Grace, chairman; Edward W. Duffy, Harold A. Eckmann, Charles H. Erhart, Jr., Mark C. Feer, James W. Frick, Raymond C. Foster, George P. Gardner, Jr., Carl N. Graf, Paul F. Hellmuth, Christian F. Horn, Lloyd L. Jaquier, George P. Jenkins, Felix E. Larkin, Harold R. Logan, Robert C. Macauley, Frank E. Mackle, Jr., Roger Milliken, Henry G. Parks, Jr., John E. Phipps, William W. Prince, John A. Puelicher, Eben W. Pyne, D. Walter Robbins, Jr., Robert W. Samuels, Anwar Soliman, Edward Tutun, Grace Sloane Vance, David L. Yunich.

Business Activities: Chemical Activities: Agricultural and industrial chemical operations encompass a broad range of products including container sealants and application equipment; auto exhaust catalysts for pollution control and petroleum cracking catalysts for the refining industry; flexible plastic packaging materials and equipment; printing blankets and letterpress plates from commercial and newspaper presses; concrete and mixtures and insulating materials for construction; chelating agents and surfactants used in textile processing and soap manufacture; compounds; and water and waste treatment chemicals for industrial and municipal water systems.

Natural Resource Activities: Exploration, development and production of new domestic sources of energy- oil, gas and coal; specialized oil fields services and pulp and paper manufacturing.

Retail Activities: Operates 131 retail sporting goods stores under the name of Herman's World of Sporting Goods in the Northeast, Midwest and Mid Atlantic states. Operates 319 home centers under the names Channel, Handy Dan, Handy City, Orchard Supply Hardware, HQ Home Quarters Warehouse, Ole's, Ole's Plus, Houseworks!, Allwoods and Cashway Building Materials. Operates 10 Shepler stores in a worldwide catalog business specializing in leisure wear with a Western motif. Operates 88 J.B. Robinson Jewelry Stores and 145 Bermans leather apparel units.

Restaurant Activities: Operates 845 family restaurants, theme restaurants, dinnerhouses, specialty restaurants, Mexican dinnerhouses and fast-food restaurants throughout the country under such names as Coco's, JoJos, Del Taco, Houlihan's, Reuben's, El Torito, Applebee, Casa Maria, Darryl's, and Charley Brown's.

Operating Groups & Divisions:

Specialty Chemical Group
Agricultural Chemical Group
Natural Resources Group
General Business
Restaurant Group
    Far West Services
    El Torito-La Fiesta
    Gilbert/Robinson
    Del Taco Corporation
    Jojo's
    Taco Villa, Inc. (82% owned)
    Dinnerhouse
    Family Restaurant
Retail Group
    Herman's World of Sporting Goods
    Channel
    Handy City
    Orchard Supply
    Sheplers
    Bermans
    Allwoods
    Angels
    Handy Dan
    Cashway
    J.B. Robinson Jewelers
    Houseworks!
    HQ Home Quarters Warehouse
    Ole's
    Ole's Plus

W.R. Grace & Co.

Transfer Agent(s):

Marine Midland Bank, N.A.
140 Broadway, 12th Floor
New York, New York 10015

Stock Exchange(s): New York, Midwest, Pacific, Boston, Cincinnati, Philadelphia, Amsterdam, Basel, Frankfurt, Geneva, Hamburg, Lausanne, London, Paris, Zurich.

Ticker Symbol: GRA

Number of Stores: (at fiscal year end)

1985	695	1984	583

Sales and Earnings ×

	Net Sales ‡ (000's)	Net Income (000's)
1985	$ 5,193,000	$ 146,900
1984	5,059,500	198,000
1983	4,778,000	164,600
1982	4,890,900	315,400
1981	5,417,500	363,000

	No. of Com. Shares #	Earn. per Share #
1985	51,908,000	$ 2.82
1984	51,673,000	3.82
1983	51,600,000	3.17
1982	51,568,000	6.10
1981	51,461,000	7.04

× Restated to include operations of a specialty chemical business and a restaurant business acquired on a pooling of interests basis.
‡ Includes operating revenues; of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1985	1984
Special chemicals	$ 2,254,000	$ 2,216,000
Consumer:		
Restaurant	1,026,000	849,000
General business	787,000	749,000
Commodity:		
Agric. chemicals	614,000	678,000
Natural resources	512,000	568,000
Total	$ 5,193,000	$ 5,060,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$2.80	—	—
1984	2.80	—	—
1983	2.80	—	—
1982	2.70	—	—
1981	2.45	—	—

Common Stock Equity ×

	Total Equity‡ (000's)	Equity Per Share
1985	$ 2,394,200	$ 43.40
1984	2,201,100	42.58
1983	2,182,700	42.26
1982	2,194,600	42.56

× Restated.
‡ After allowing for preferred stock at par value.

Income Account
(000's)

Year ended Dec. 31	1985	1984 ‡
Net sales	$ 5,193,000	$ 5,059,500
Other income	146,600	53,400
Total Income	$ 5,339,600	$ 5,112,900
Cost of sales	3,548,800	3,323,400
Expenses	1,028,000	970,500
Depreciation, depletion & amortization	309,200	299,000
Research & devel.	92,000	81,000
Interest expense	187,000	173,100
Income before taxes	$ 174,600	$ 265,900
Income taxes	46,800	105,600
Inc. - cont. oper.	$ 127,800	$ 160,300
Inc. - discont. oper.	19,100	37,700
Net Income	$ 146,900	$ 198,000

‡ Restated.

Assets
(000's)

As of Dec. 31	1985	1984 ‡
Cash	$ 151,600	$ 159,500
Notes & accts. receiv., net	703,700	664,800
*Inventories	607,600	1,050,500
Invest. in discont. oper.	510,500	—
Other assets	50,100	59,000
Current Assets	$ 2,023,500	$ 1,933,800
Investments & advances	317,900	275,800
#Fixed assets	2,596,000	2,695,800
Other assets	350,400	357,100
Intangibles	133,100	135,400
Total Assets	$ 5,420,900	$ 5,397,900

Liabilities
(000's)

Loans payable	$ 294,200	$ 202,900
Accts. payable	408,100	594,100
Income taxes	78,500	101,300
Other liabilities	254,500	283,300
Curr. Liabilities	$ 1,035,300	$ 1,181,600
Long-term debt	1,524,100	1,541,600
Other liabilities	194,500	162,800
Deferred inc. taxes	262,500	300,500
+ Preferred stock	10,300	10,300
+ + Common stock	55,200	51,800
Add. paid-in capital	615,400	475,000
Retained earnings	1,829,300	1,825,100
For. curr. adjust.	(105,500)	(147,500)
Treasury stock	(200)	(3,300)
Total Liabilities & Shareholders' Equity	$ 5,420,900	$ 5,397,900

‡ Restated.
* At lower of cost or market.
# Less accumulated depreciation and depletion.
+ $100 par value.
+ + $1 par value.

Statistical Summary

%Net Income to Equity	6.11	8.95
Sales to Inventories	8.55	4.82
Debt to Equity	0.76	0.79
Working Capital	$ 988,200,000	$ 752,200,000
Current Ratio	1.95	1.64
Shareholders' Equity	$2,404,500,000	$2,211,400,000

Grafton Group Limited

(51% of the common shares owned by
Greywinds Investments Limited)

9 Sunlight Park Road
P.O. Box 108
Postal Station G
Toronto, Ontario M4M 3G1, Canada
(416) 461-9411

Officers: W.A. Heaslip, chairman, chief executive officer & president; T.E. Topping, exec. v.p.; G.A. Reynolds, v.p.-finance, secretary & treasurer.

Directors: William A. Heaslip*, chairman; William F. James, James W. McCutcheon*, H. John McDonald, George A. Reynolds*, T. Edward Topping, David B. Weldon*, Douglas C. Woolley, Thomas R. Young.

* Member of the Executive Committee.

Business Activities: The Company is a specialty retailer of apparel and footwear. In Canada, men's and boys' wear is sold through licensed departments in 121 Woolco Department Stores. Menswear is sold through 156 Jack Fraser, 11 Grafton & Co., 45 Elks, 22 George Richards Kingsize Clothes stores, and 25 Apparel Clearance Centres. Womenswear is sold through 115 Loft Departments and 37 Sideffects stores. Fashion co-ordinated casual wear is sold through 58 Dapper Dan shops. Footwear is sold in 219 shoe stores through Maher, J. Reid, Copp, Julia, Footpath and licensed departments. The company also owns a home furnishings company which manufactures and wholesales bedroom and bathroom decorative products.

In the United States, the Company operates 147 Ladieswear stores under the Seifert's, La Vogue by Seifert's and Mark Henri names in 23 states, and 47 ladies' shoe stores under the Joyce Selby, Stewarts names and in leased departments in nine Midwest states.

Divisions and Subsidiaries:

Jack Fraser Stores Division
Grafton-Fraser Inc.
Grafton & Co.
George Richards Kingsize Clothes Limited
(50% interest)
Toby Industries Limited
Grafton Realty Company, Limited
Maher Inc.
James B. McGregor Division
Forsyth Trading Company Limited (joint venture;
33⅓% interest)
Seifert's Incorporated
Oak Bay Corporation
Elks Inc.
Nabour Stores Ltd.

Transfer Agent(s):

Guaranty Trust Company of Canada

Stock Exchange(s): Toronto

Ticker Symbol: GFGT

Number of Stores: (at fiscal year end)

1986	1,003	1983	911
1985	925	1982	863
1984	914		

Sales and Earnings

	Net Sales	Net Income +
1986	$ 514,007,000	$ 26,373,000
1985	461,954,000	23,272,000
1984	420,654,000	18,456,000
1983	382,277,000	10,763,000
1982	368,345,000	8,948,000

	No. of Com. Shares ‡	Earn. per Share ‡† +
1986	18,738,000	$ 1.28
1985	18,738,000	1.12
1984	18,738,000	0.88
1983	18,738,000	0.48
1982	18,738,000	0.67

+ Including extraordinary gains of $886,000 ($0.04 per share) in 1986, $728,000 ($0.04 per share) in 1985, $301,000 ($0.02 per share) in 1984 and extraordinary loss of $5,398,000 ($0.29 per share) in 1982.
‡ Based on the weighted average number of Class A and common shares outstanding.
† Assuming full dilution.

Revenues By Line of Business

	1986	1985
Retail:		
Apparel	$ 416,918,000	$ 368,247,000
Footwear	78,340,000	75,142,000
Home furnishings	18,749,000	18,565,000
Total	$ 514,007,000	$ 461,954,000

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$0.23	—	3-for-1
1985	0.21	—	—
1984	0.19	—	—
1983	0.19	—	—
1982	0.18	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 151,595,000	$ 8.09
1985	128,370,000	6.85
1984	110,297,000	5.89
1983	97,794,000	5.22
1982	92,637,000	4.94

‡ Based on the weighted average number of Class A and common shares outstanding adjusted to reflect stock split.

Income Account

Year ended Jan. 31	1986	1985
Net sales:		
Retail	$ 495,258,000	$ 443,389,000
Mfg.	18,749,000	18,565,000
Total Revenues	$ 514,007,000	$ 461,954,000
Cost of sales & expenses	459,258,000	411,860,000
Depreciation	9,117,000	8,050,000
Amortization of cost	727,000	665,000
Interest expense	4,897,000	5,686,000
Misc. income	(4,174,000)	(3,666,000)
For. exch. loss (gain)	(345,000)	197,000
Prov. for loss on oil prop.	3,250	—
Gain on sale of land	(1,732)	—
Income before taxes	$ 43,009,000	$ 39,162,000
Income taxes	16,927,000	16,068,000
Minority interest	595,000	550,000
Net Income	$ 25,487,000	$ 22,544,000
Extraordinary gain	886,000	728,000
Net Income & extraord. gain	$ 26,373,000	$ 23,272,000

Assets

As of Jan. 31	1986	1985
Cash	$ 41,691,000	$ 63,196,000
Marketable securities	40,256,000	12,055,000
Accts. receiv., net	23,810,000	18,785,000
*Inventories	79,939,000	70,172,000
Prepaid exp. & deposits	1,567,000	2,106,000
Current Assets	$ 187,263,000	$ 166,314,000
Investments	13,761,000	15,075,000
#Fixed assets	52,287,000	44,087,000
Unamort. fin. costs	145,000	169,000
Intangibles	14,962,000	14,917,000
Total Assets	$ 268,418,000	$ 240,562,000

Liabilities

	1986	1985
Long-term debt & cap. lease oblig., curr.	$ 4,597,000	$ 5,606,000
Accts. payable & accruals	61,363,000	57,924,000
Income & other taxes	10,462,000	8,816,000
Curr. Liabilities	$ 76,422,000	$ 72,346,000
Long-term debt	28,693,000	28,756,000
Cap. lease oblig.	5,786,000	5,970,000
Minority interest	3,746,000	2,783,000
Deferred inc. taxes	2,176,000	2,337,000
+ Common stock	9,930,000	9,995,000
For. curr. adj.	3,998,000	599,000
Retained earnings	137,667,000	117,776,000
Total Liabilities & Shareholders' Equity	$ 268,418,000	$ 240,562,000

* Retail inventories at lower of cost or market and net realizable value, less normal profit margin. Raw materials at lower of cost and replacement cost.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Revenues	8.66	8.48
%Net Income to Revenues	4.96	4.88
%Net Income to Equity	16.81	17.56
Debt to Equity	0.26	0.31
Working Capital	$110,841,000	$ 93,968,000
Current Ratio	2.45	2.30
Shareholders' Equity	$151,595,000	$128,370,000

Grand Auto, Inc.

7200 Edgewater Drive
Oakland, California 94621
(415) 568-6500

Officers: Irving E. Krantzman, president, chief executive officer & chairman of the board; Max M. Brown, sr. exec. v.p.; John F. Goodsell, exec. v.p. & chief financial officer; R.J. Micheletti, v.p.-industrial relations/personnel; Earl L. Eastin, v.p.-Super G; Donald J. Nickols, sr. v.p.-operations; Bruce J. Levitin, asst. v.p.-operations; Robert Seymour, v.p.-merchandising; Ellington Owensby, v.p.-construction/property; Daniel C. Santo, v.p.-tires, batteries & accessories; R.N. Stefan, secretary.

Directors: Irving E. Krantzman, chairman; Max M. Brown, Simon I. Brown, John F. Holman, Raymond Bolton, Barry S. Garfinkle, Marvin E. Bruce.

Business Activities: Operates a chain of company-owned automotive supply stores, under the names Grand Auto and Top Auto, in California, Nevada, Washington and Alaska.

Acquisition(s):

Automotive Wholesalers, Inc.
Operates 28 automotive retail stores in Washington and Alaska under the name Top Auto.

Transfer Agent(s):

The Bank of California, N.A.
San Francisco, California

Stock Exchange(s): American, Pacific

Ticker Symbol: GAI

Number of Stores: (at fiscal year end)

1986	113	1983	80
1985	86	1982	79
1984	84		

Sales and Earnings

	Net Sales	Net Income
1986	$ 167,658,000	$ 2,564,000
1985	154,282,000	4,877,000
1984	139,503,000	5,089,000
1983	122,190,000	3,540,000
1982*	119,989,000	2,642,000

	No. of Com. Shares +	Earn. per Share #
1986	3,074,865	$ 0.84
1985	2,996,865	1.63
1984	2,983,665	1.71
1983	2,970,465	1.20
1982*	2,947,665	0.90

* 53 weeks.
+ Adjusted to reflect stock split.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.37	—	—
1984	0.26	—	3-for-1
1983	0.19	—	—
1982	0.16	—	—

# Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share#
1986	$ 32,230,000	$ 10.48
1985	29,774,000	9.94
1984	25,908,000	8.68
1983	21,529,000	7.25
1982	18,451,000	6.26

# Adjusted to reflect stock split.

Income Account

Year ended	1/26/86	1/27/85
Net sales	$ 167,658,000	$ 154,282,000
Cost of sales	114,312,000	102,553,000
Expenses	43,750,000	37,357,000
Depreciation & amortization	3,425,000	2,861,000
Interest expense	2,592,000	2,163,000
Income before taxes	$ 3,579,000	$ 9,348,000
Income taxes	1,015,000	4,471,000
Net Income	$ 2,564,000	$ 4,877,000

Assets

As of	1/26/86	1/27/85
Cash	$ 2,184,000	$ 710,000
Accts. receiv., net	12,042,000	9,775,000
*Inventories	38,038,000	31,671,000
Prepaid expenses	971,000	609,000
Current Assets	$ 53,235,000	$ 42,765,000
#Fixed assets	33,056,000	29,006,000
Other assets	2,168,000	1,112,000
Total Assets	$ 88,459,000	$ 72,883,000

Liabilities

	1/26/86	1/27/85
Long-term debt, curr.	$ 689,000	$ 458,000
Accts. payable	10,337,000	9,715,000
Accruals	9,141,000	7,856,000
Income taxes	905,000	1,766,000
Other taxes	2,001,000	1,904,000
Curr. Liabilities	$ 23,073,000	$ 21,699,000
Long-term debt	25,684,000	13,823,000
Oblig. under cap. leases	6,430,000	6,803,000
Deferred income	248,000	234,000
Def. inc. taxes	794,000	550,000
+ Common stock	5,389,000	4,278,000
Retained earnings	26,841,000	25,496,000
Total Liabilities & Shareholders' Equity	$ 88,459,000	$ 72,883,000

* At cost (LIFO).
# Less accumulated depreciation & amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.13	6.05
%Net Income to Sales	1.53	3.16
%Net Income to Equity	7.96	16.38
Sales to Inventories	4.41	4.87
Debt to Equity	1.02	0.71
Working Capital	$30,162,000	$21,066,000
Current Ratio	2.31	1.97
Shareholders' Equity	$32,230,000	$29,774,000

The Grand Union Company

(A wholly owned subsidiary of Cavenham (USA) Inc., which in turn is a wholly owned subsidiary of Cavenham Holdings Inc., a privately held corporation. The Grand Union's debentures are publicly traded.)

The Grand Union Company

100 Broadway
Elmwood Park, New Jersey 07407
(201) 794-2000

Officers: Floyd Hall, chairman of the board & chief exec. officer; Joseph J. McCaig, president & chief operating officer; Henry T. Johnson, exec. v.p. & chief administrative officer; William A. Louttit, exec. v.p.-merchandising; James E. Herlihy, sr. v.p., chief financial officer & secretary; Bradley C. Johnson, sr. v.p.-real estate & development; William M. Reffett, sr. v.p.-personnel; Henry S. Addison, v.p.-Carolina Region; Charles J. Barrett, v.p.-labor relatons; Kenneth R. Baum, v.p. & controller; Jack Calderone, v.p.-meat merchandising; William Hoffert, v.p.-gen. mdse. merchandising; Buck Jones, v.p.-service dept. merchandising; Roger W. Kennedy, v.p. & treasurer; William E. Kinslow, v.p.-mgmt. info. systems; Brooke D. Lennon, v.p.-grocery merchandising; Anthony P. Misasi, v.p.-produce merchandising; Robert E. Mohel, v.p.-quality control; Robert J. Saba, v.p.-Northern Region; Bryan Springthorpe, v.p.-distribution; Darrell W. Stine, v.p.-New York Region; Craig C. Sturken, v.p.-Southern Region.

Directors: Floyd Hall, chairman; Gilberte E. Beaux, Ian M. Duncan, Milton Glaser, Sir James Goldsmith, Norman Grulich, James E. Herlihy, Henry T. Johnson, William A. Louttit, Joseph J. McCaig, William M. Reffett, Jivan Tabibian, Jane von der Heyde.

Business Activities: Operates chains of four specific store types: supermarkets, community stores, food markets, and food centers.

Sales and Earnings

	Net Sales	Net Income
1985	$2,529,392,000	$ 5,328,000
1984	3,438,848,000	(115,240,000)
1983	3,519,341,000	226,000
1982	4,137,447,000	24,652,000
1981	3,626,231,000	34,327,000

	No. of Com. Shares	Earn. per Share
1985	801.5	$ —
1984	801.5	—

(Loss)

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 142,470,000	$ —
1984	137,142,000	—
1983	208,479,000	—
1982	211,734,000	—
1981	224,857,000	—

Income Account *
(000's)

Year ended	3/30/85	3/31/84
Net sales	$ 2,529,392	$ 3,438,848
Cost of sales	1,960,313	2,725,180
Expenses	543,575	776,638
Store closure exp.	5,020	48,347
Interest expense	18,958	24,768
Interest income	(6,082)	(5,845)
Inc. (loss) bef. taxes	$ 7,608	$ (130,240)
Income taxes (credit)	2,280	(15,000)
Net Income (Loss)	$ 5,328	$ (115,240)

* Included in Costs and Expenses, Depreciation and Amortization: $33,959,000 in 1985 and $44,993,000 in 1984.

Assets
(000's)

As of	3/30/85	3/31/84
Cash & temp. cash invest.	$ 31,442	$ 43,428
Accts. receiv., net	26,071	30,479
*Inventories	195,023	179,897
Prepaid inc. taxes	24,547	—
Prepaid expenses	7,990	8,758
Props. held for sale	7,435	17,024
Current Assets	$ 292,508	$ 279,586
#Fixed assets	274,661	273,612
Notes receiv. & other assets	8,296	12,633
Intangibles	10,066	10,345
Total Assets	$ 585,531	$ 576,176

Liabilities
(000's)

Short-term debt	$ 5,473	$ 19,155
Accts. payable & accruals	201,496	208,718
Income taxes	2,861	—
Curr. Liabilities	$ 209,830	$ 227,873
Long-term debt	68,821	74,527
Cap. lease oblig.	101,053	97,135
Def. pension oblig.	12,425	15,029
Deferred inc. taxes	23,982	—
Other liabilities	26,950	24,470
+Common stock	40,077	40,077
Add. paid-in capital	106,188	106,188
Accum. deficit	(3,795)	(9,123)
Total Liabilities & Shareholders' Equity	$ 585,531	$ 576,176

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $50,000 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.30	—
%Net Income to Sales	0.21	—
%Net Income to Equity	3.74	—
Sales to Inventories	12.97	19.12
Debt to Equity	1.23	1.39
Working Capital	$ 82,678,000	$ 51,713,000
Current Ratio	1.39	1.23
Shareholders' Equity	$142,470,000	$137,142,000

GranTree Corporation

2501 S.W. First Avenue
P.O. Box 3210
Portland, Oregon 97208
(503) 223-1161

Officers: Walker M. Treece, chairman of the board & chief executive officer; Gary A. Kisling, president & chief operating officer; Zolman M. Cohen, v.p.-real estate; Gerdon Fahland, v.p.-marketing; J. Franklin Cable, secretary; Jada A. Watson, asst. secretary; William A. Norris, v.p.-finance & treasurer.

Directors: Walker M. Treece, chairman; Raymond M. Alexander, Howell Appling, Jr., Claire M. Gray, George E. Keck, Gary A. Kisling, R.H. Noyes, Jr., Lyman E. Seely.

Business Activities: Operates 73 rental furniture showrooms and 28 retail furniture stores in nine western and southwestern states and Vancouver, British Columbia, Canada.

Subsidiaries:

GranTree Furniture Rental Corp.

Transfer Agent(s):

First Interstate Bank of Oregon, N.A.
P.O. Box 2971
Portland, Oregon 97208

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GTRE (NASDAQ)

Number of Employees:

1985	28	1982	28
1984	32	1981	30
1983	29		

Sales and Earnings

	Revenues +	Net Income
1985	$ 91,088,000	$ 163,000
1984	82,160,000	1,114,000
1983*	74,867,000	1,202,000
1982	70,682,000	1,289,000
1981	68,234,000	894,000

	No. of Com. Shares	Earn. per Share #
1985	2,868,000	$ 0.06
1984	2,857,000	0.39
1983*	2,839,000	0.42
1982	2,814,000	0.46
1981	2,814,000	0.32

* 53 weeks.
+ Of continuing operations only.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 22,081,000	$ 7.70
1984	21,835,000	7.64
1983	20,653,000	7.27
1982	19,367,000	6.88
1981	18,076,000	6.43

Income Account *
(000's)

Year ended	10/31/85	11/1/84
Furniture rentals & fees	$ 47,714	$ 42,107
Sales of furniture	43,374	40,053
Total revenue	$ 91,088	$ 82,160
Cost of sales	28,463	24,141
Expenses	60,733	55,076
Interest expense	2,275	2,110
Gain on sale	(307)	—
Inc. (loss) bef. taxes	$ (76)	$ 833
Tax credit	(239)	(281)
Net Income	$ 163	$ 1,114

* Included in Costs and Expenses, Depreciation and Amortization: $6,335,000 in 1985 and $5,618,000 in 1984.

Assets
(000's)

As of	10/31/85	11/1/84
Cash	$ 564	$ 424
Furniture rental receiv., net	513	710
*Furniture purch. for sale	6,034	5,420
Rental furniture, net	13,362	12,357
Assets of Canadian oper.	2,067	3,527
Other curr. assets	1,783	1,546
Current Assets	$ 24,323	$ 23,984
Rental furniture, net	25,617	22,499
#Fixed assets	5,685	6,115
Other assets	2,619	2,662
Total Assets	$ 58,244	$ 55,260

Liabilities
(000's)

Long-term debt, curr.	$ 135	$ 155
Accts. payable & other	6,024	6,172
Income taxes	1,828	1,943
Current Liabilities	$ 7,987	$ 8,270
Long-term debt	24,562	21,256
Income taxes	3,614	3,899
+Common stock	301	300
Add. paid-in capital	9,628	9,570
Retained earnings	12,633	12,470
Treasury stock	(481)	(505)
Total Liabilities & Shareholders' Equity	$ 58,244	$ 55,260

* At lower of standard cost (average) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	—	1.01
%Net Income to Revenues	0.18	1.36
%Net Income to Equity	0.74	5.10
Debt to Equity	1.12	0.98
Working Capital	$16,336,000	$15,714,000
Current Ratio	3.05	2.90
Shareholders' Equity	$22,081,000	$21,835,000

The Great Atlantic & Pacific Tea Company, Inc.

(50.3% owned by Tengelmann Warenhandels-Gesellschaft)

Box 418
2 Paragon Drive
Montvale, New Jersey 07645
(201) 573-9700

Officers: James Wood, chairman of the board & chief exec. officer; Louis Sherwood, president & chief administrative officer; James W. Rowe, vice chairman & asst. to the chief exec. officer; Martin H. Kern, exec. v.p.-gen. merchandise; Eckart C. Siess, vice chairman-strategic planning; Alan C. Goulding, sr. exec. v.p. & chief operating officer; Joseph H. McCarthy, exec. v.p.-store operations; Peter O'Gorman, sr. v.p.-development; Ivan K. Szathmary, sr. v.p. & chief services officer; Robert G. Ulrich, sr. v.p. & general counsel; Randall A. Bostwick, v.p. & president-Super Market Service Corporation; James B. Burmeister, v.p. & president-New Orleans Group; Timothy J. Courtney, v.p.-taxation; H. Nelson Lewis, v.p.-retail operations services; James L. Madden, v.p. & president-Mid-Atlantic Group; Peter Brooker, v.p. & secretary; George K. Raven, v.p., treasurer & asst. to chief financial officer; Michael J. Rourke, v.p.-communications & corp. affairs; Burton J. Weinbaum, v.p.-Northeast Group; Caryle Sherwin, president-Midwest operations; Edward C. Mossop, sr. v.p. & chairman-A&P Canada; Thomas L. Barrette, v.p.-human resources; O.C. Cook, v.p.-meat & service departments; Jack DiFiore, v.p. & president-Super Fresh Markets; Paul Gallant, v.p. & president-Compass Foods; Peter R. Lavoy, v.p.-Metro New York Group; Frank Leonard, v.p.-real estate; Joseph Quirk, v.p.-industrial relations; John D. Ryder, v.p.-marketing; Richard J. Scola, v.p. & asst. gen. counsel; Robert W. Toomey, v.p.-support services; J. Paul Stillwell, v.p. & pres.-Southeast Group & Family Mart; George Graham, v.p.-merchandising coordinator; Michael J. Larkin, v.p.-Metro New York Group; Herbert L. Whiteside, v.p.-Richmond/Pantry Pride; Mary Ellen Offer, asst. secretary.

Directors: James Wood, chairman; Harold J. Berry, Walter D. Dance, Rosemarie Baumeister, Eckart C. Siess, Helga Haub, Christopher F. Edley, James W. Rowe, Paul C. Nagel, Jr., Barbara Barnes Hauptfuhrer, Fritz Teelen, Henry W. Van Baalen, Louis Sherwood.

Business Activities: Operates a chain of supermarkets under the A&P Super Fresh, Kohl's, Pantry Pride, Dominion and Family Mart names in the United States and Canada.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York, Boston*, Cincinnati*, Detroit*, Pittsburgh*, Midwest*, Phila-Balt-Wash*

* Unlisted trading privileges.

Ticker Symbol: GAP

Number of Stores: (at fiscal year end)

1985	1,045	1982	1,055
1984	1,001	1981	1,543
1983	1,022		

Sales and Earnings

	Net Sales (000's)	Net Income† (000's)
1985	$ 6,615,422	$ 88,290
1984	5,878,286	215,779
1983	5,222,013	47,551
1982	4,607,817	31,211
1981	6,226,755	(101,633)

	No. of Com. Shares ‡	Earn. per Share ‡†
1985	37,839,000	$ 2.33
1984	37,599,000	5.74
1983	37,455,944	1.27
1982	37,398,884	0.83
1981	37,392,784	—

(Loss)

† Including extraordinary gains of $32,200,000 ($0.85 per share) in 1985, $165,000,000 ($4.39 per share) in 1984, $16,150,000 ($0.43 per share) in 1983, $9,850,000 ($0.26 per share) in 1982 and $130,000,000 ($3.47 per share) in 1981.

‡ Based on the weighted average number of shares outstanding each year.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 668,688,000	$ 17.63
1984	582,953,000	15.48
1983	375,789,000	10.02
1982	329,372,000	8.81
1981	302,153,000	8.08

Income Account*
(000's)

Year ended	2/22/86	2/23/85
Net sales	$ 6,615,422	$ 5,878,286
Cost of sales	5,043,440	4,523,275
Expenses	1,452,578	1,267,636
Oper. profit	$ 119,404	$ 87,375
Interest expense	40,454	31,641
Interest income	(30,140)	(21,271)
Gain on sale of market. secur.	—	(22,474)
Income before taxes	$ 109,090	$ 99,479
Income taxes	53,000	48,700
Net Income	$ 56,090	$ 50,779
Extraordinary credit	32,200	165,000
Net Income & extraord. credit	$ 88,290	$ 215,779

* Included in Costs and Expenses, Depreciation and Amortization: $80,341,000 in 1985 and $66,242,000 in 1984.

Assets
(000's)

As of	2/22/86	2/23/85
Cash & short-term invest.	$ 68,740	$ 72,591
Accts. receiv., net	75,615	56,030
*Inventories	576,717	483,963
Prepaid expenses	21,384	7,983
Prop. held for devel. & sale	14,138	22,255
Current Assets	$ 756,594	$ 642,822
#Fixed assets	638,159	466,437
Market. secur. & other invest.	254,350	244,899
Other assets	14,657	8,943
Total Assets	$ 1,663,760	$ 1,363,101

Liabilities
(000's)

Long-term debt, curr.	$ 30,076	$ 11,872
Cap. lease oblig., curr.	12,320	12,894
Accts. payable	332,045	262,415
Accrued payroll	86,669	75,136
Accrued taxes	43,363	41,221
Other accruals	78,030	68,992
Curr. Liabilities	$ 582,503	$ 472,530
Long-term debt	151,306	94,635
Deferred inc. taxes	17,655	14,655
Obligations under capital leases	196,360	148,366
Other liabilities	47,248	49,962
+ Common stock	37,939	37,668
Add paid-in capital	424,166	422,613
Retained earnings	222,746	138,249
Cum. trans. adjust.	(16,163)	(15,577)
Total Liabilities & Shareholders' Equity	$ 1,663,760	$ 1,363,101

* At lower of cost or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.65	1.69
%Net Income to Sales	0.85	0.86
%Net Income to Equity	8.39	8.71
Sales to Inventories	11.47	12.15
Debt to Equity	0.58	0.46
Working Capital	$174,091,000	$170,292,000
Current Ratio	1.30	1.36
Shareholders' Equity	$668,688,000	$582,953,000

Greenman Bros. Inc.

105 Price Parkway
Farmingdale, New York 11735
(516) 293-5300

Officers: Bernard Greenman, chairman of the board & chief exec. officer; Stewart Katz, president & chief operating officer; David Yankey, v.p., treasurer & asst. secretary; Stanley Greenman, vice chairman & secretary; Elliot Jacobs, v.p.-finance & chief financial officer.

Directors: Bernard Greenman*, Stewart Katz*, David Yankey, Jack Greenman, Stanley Greenman*, George Schor, Stanley Strocker*, Joshua Biblowitz, Jerry Kassel.

* Member of the Executive Committee.

Business Activities: Operates a chain of 298 toy specialty stores located in shopping malls in 26 states under the names "Circus World" and "Playland". Also operates 6 free-standing "Playworld" retail toy stores located in New York. Also engaged in wholesaling of toys, games, hobbycrafts and housewares in New York, New Jersey, Florida, Georgia and Indiana.

Acquisition(s):

Circus World Toy Stores, Inc.

Retailer of toys, games and related products operating 189 stores in shopping malls in 29 states.

Transfer Agent(s):

Manufacturers Hanover Trust Company
4 New York Plaza
New York, New York

Stock Exchange(s): American

Ticker Symbol: GMN

Number of Stores: (at fiscal year end)

1985	304	1982	40
1984	78	1981	11
1983	52		

Sales and Earnings

	Net Sales	Net Income
1986	$ 218,009,000	$ 7,143,000
1985	172,879,000	7,069,000
1984	117,303,000	3,524,000
1983	101,204,184	2,484,965
1982	96,389,862	2,094,724

	No. of Com. Shares ‡	Earn. per Share ‡
1986	4,466,535	$ 1.60
1985	3,808,540	1.86
1984	3,967,555	0.89
1983	4,079,200	0.61
1982	5,684,194	0.37

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	4-for-3 & 5-for-4
1984	—	—	3-for-2
1983	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 58,021,000	$ 12.99
1985	28,717,000	7.54
1984	22,592,000	5.69
1983	19,953,000	4.89
1982	17,026,098	3.00

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account

Year ended	2/1/86	2/2/85
Net sales	$ 218,009,000	$ 172,879,000
Cost of sales	151,010,000	128,276,000
Expenses	51,708,000	28,369,000
Depreciation & amortization	3,144,000	1,178,000
Prov. for doubt. accts	13,000	395,000
Interest expense	1,810,000	531,000
Income before taxes	$ 10,324,000	$ 14,130,000
Income taxes	3,181,000	7,061,000
Net Income	$ 7,143,000	$ 7,069,000

Assets

As of	2/1/86	2/2/85
Cash	$ 940,000	$ 6,635,000
Marketable securities	19,115,000	—
Accts. receiv., net	12,718,[illegible]	14,190,000
*Inventories	55,765,000	32,853,000
Other assets	2,560,000	1,194,000
Current Assets	$ 91,098,000	$ 54,872,000
#Fixed assets	30,103,000	9,160,000
Other assets	4,315,000	971,000
Total Assets	$ 125,516,000	$ 65,003,000

Liabilities

Notes payable	$ 10,350,000	$ —
Long-term debt, curr.	1,227,000	500,000
Cap. lease oblig., curr.	124,000	156,000
Accts. payable	26,859,000	25,317,000
Accruals	5,205,000	4,140,000
Income taxes	1,510,000	4,248,000
Curr. Liabilities	$ 45,275,000	$ 34,361,000
Long-term debt	20,775,000	500,000
Cap. lease oblig.	1,012,000	1,136,000
Def. taxes on income	433,000	289,000
+Common stock	478,000	377,000
Add. paid-in capital	25,199,000	3,139,000
Retained earnings	32,344,000	25,201,000
Total Liabilities & Shareholders' Equity	$ 125,516,000	$ 65,003,000

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.74	8.17
%Net Income to Sales	3.28	4.09
%Net Income to Equity	12.31	24.62
Sales to Inventories	3.91	5.26
Debt to Equity	0.58	0.08
Working Capital	$45,823,000	$20,511,000
Current Ratio	2.01	1.60
Shareholders' Equity	$58,021,000	$28,717,000

Hannaford Bros. Co.

145 Pleasant Hill Road
Scarborough, Maine 04074
(207) 883-2911

Mailing address:

P.O. Box 1000
Portland, Maine 04104

Officers: James L. Moody, Jr., chairman of the board & chief executive officer; Hugh G. Farrington, president & chief operating officer; Ralph T. Perry, sr. v.p.; Roger W. Hoyt, sr. v.p.-retail operations; Everett F. Johnson, v.p.-governmental relations & administrative services; Virgil E. Beane, v.p.-distribution; Norman E. Brackett, v.p.-management services; Larry A. Plotkin, v.p.-corp. development; James J. Jermann, v.p.-merchandising; Robert E. Dunton, v.p.-Wellby Super Drug Stores; Katherine M. Greenleaf, v.p.-human resources; John J. Rusll, sr. v.p. & treasurer; Albert F. Carville, Jr., v.p.-technical services; Robert B. Williamson, Jr., secretary & clerk; Charles H. Crockett, Peter B. Webster, asst. secretaries.

Directors: William D. Ireland, Jr.*, E. Robert Kinney, David F. Sobey*, James L. Moody, Jr.*, Florence C. Petrlik, John J. Russell*, Walter J. Salmon*, Edward J. Schnuck, Duane Peters, Hugh G. Farrington*, Herbert H. Goldberger, William T. End, Robert D. Bolinder.

* Member of the Executive Committee.

Business Activities: Sells food and non-food items through 65 Shop'n Save, Sun Foods or Martin's supermarkets in Maine, New Hampshire and Vermont; 54 are wholly-owned, 11 are majority-owned. Operates 36 wholly-owned Wellby Super Drug Stores. Owns a wholesale distributor of specialty foods, general merchandise, pharmaceuticals and health and beauty aids.

Subsidiaries:

The Sampson Supermarkets, Inc.
Sun Foods, Inc.
Cottle's Shop 'n Save, Inc.
Shop-Rite Supermarkets, Inc. (51% owned)
Shop'n Save Inc.
Analytical Services, Inc.
Wellby Super Drug Stores, Inc.
South Paris Shop N' Save, Inc. (51% owned)
Hampden Food Stores (51% owned)
Martin's Food of South Burlington, Inc.
Guy's Super Markets, Inc. (51% owned)
Progressive Distributors, Inc. (51% owned)
Hanbro, Inc.
Hannaford Properties, Inc.
Reece Development, Inc.
Shop 'n Save Realty, Inc.
Hannaford Trucking Company
Second Hannaford Properties, Inc.
Third Hannaford Properties, Inc.
MB-Shop, Inc.
Shopping Center Properties, Inc.
Warehouse Properties, Inc.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): American

Ticker Symbol: HRD

Number of Stores *: (at fiscal year end)

1985	101	1982	103
1984	98	1981	102
1983	96		

* Including "partnership" and wholly-owned stores.

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1985	$ 807,019	$ 14,399
1984	707,282	11,346
1983	624,340	9,642
1982	559,209	7,889
1981	530,151	6,382

	No. of Com. Shares ‡	Earn. per Share ‡
1985	8,295,000	$ 1.74
1984	7,994,000	1.42
1983	7,491,000	1.29
1982	6,372,000	1.24
1981	6,096,000	1.05

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1985	$0.477	50%	—
1984	0.389	50%	—
1983	0.355	—	—
1982	0.300	100%	—
1981	0.255	—	—

† Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 104,508,772	$ 12.60
1984	71,963,247	9.00
1983	63,103,644	8.42
1982	41,670,021	6.54
1981	35,692,336	5.86

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Income Account *

Year ended	12/28/85	12/29/84
Net sales	$ 807,018,980	$ 707,282,486
Cost of sales	610,667,124	539,271,978
Expenses	161,340,672	141,207,454
Interest expense	6,873,043	4,798,757
Income before taxes	$ 28,138,141	$ 22,004,297
Income taxes	12,811,997	9,570,052
Minority interest	926,842	1,087,567
Net Income	$ 14,399,302	$ 11,346,678

* Included in Costs and Expenses, Depreciation and Amortization: $13,190,675 in 1985 and $10,318,093 in 1984.

Assets

As of	12/28/85	12/29/84
Cash & cash items	$ 14,875,118	$ 10,601,740
Notes & accts. receiv.	4,853,563	4,984,620
*Inventories	50,614,380	49,292,664
Prepaid expenses	1,474,268	1,103,435
Deferred inc. taxes	560,000	509,000
Current Assets	$ 72,377,329	$ 66,491,459
#Fixed assets	121,469,957	107,679,995
Oblig. under cap. leases	15,812,508	17,225,438
Investments	1,949,021	1,949,021
Other assets	8,311,749	7,259,814
Total Assets	$ 219,920,564	$ 200,605,727

Liabilities

Short-term borrowing	$ —	$ 5,000,000
Long-term debt, curr.	2,732,691	2,142,720
Accts. payable	24,794,103	28,999,909
Accruals	11,067,438	12,580,552
Income taxes	2,004,320	—
Oblig. under cap. lease, curr.	1,027,995	983,364
Curr. Liabilities	$ 41,626,547	$ 49,706,545
Long-term debt	36,505,187	46,889,971
Oblig. under cap. lease	20,065,718	21,035,349
Deferred credit	10,699,986	5,334,903
Minority interest	6,514,354	5,675,712
+Common stock	6,857,437	6,040,422
Add. paid-in capital	42,675,656	21,398,061
Retained earnings	54,975,679	44,584,776
Treasury stock	—	(60,012)
Total Liabilities & Shareholders' Equity	$ 219,920,564	$ 200,605,727

* At lower of cost (FIFO) or market, groceries at cost (LIFO).
# Less accumulated depreciation.

+ $0.75 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.49	3.11
%Net Income to Sales	1.78	1.60
%Net Income to Equity	13.78	15.77
Sales to Inventories	15.94	14.35
Debt to Equity	0.57	1.04
Working Capital	$ 30,750,782	$16,784,914
Current Ratio	1.74	1.34
Shareholders' Equity	$104,508,772	$71,963,247

Hartmarx

(formerly Hart Schaffner & Marx)

101 North Wacker Drive
Chicago, Illinois 60606
(312) 372-6300

Officers: Richard P. Hamilton, chairman and chief executive officer; John R. Meinert, sr. vice chairman and chief financial and administrative officer; Elbert O. Hand, president; Harvey Weinberg, vice chairman; Sherman D. Rosen, v.p.-human resources; Ralph Kaufmann, v.p.-licensing; Frank Brenner, v.p.-marketing services; Alan Minoff, v.p.-corporate strategy & development; Mark J. Lies, v.p. & treasurer; Jerome Dorf, sr. v.p.; Guy Gunzberg, v.p.-information systems; Glenn R. Morgan, v.p. & controller; Carey M. Stein, v.p., secretary & general counsel.

Directors: Jerome S. Gore*, John R. Meinert, Burton B. Ruby, Charles Marshall*, James F. Chambers, Jr.*, A. Robert Abboud*, James E. Devitt*, Richard P. Hamilton*, Donald P. Jacobs*, Raymond Farley*, Harvey A. Weinberg, Sam F. Segnzr*, Elbert O. Hand, Letitia Baldrige.

* Member of the Executive Committee.

Business Activities: Designs and manufactures a wide variety of men's and women's apparel. The Company's retail activities consist of the following: Hartmarx Specialty Stores, Inc. operates 253 high quality apparel specialty stores catering to business and professional men and women across the country under such names as Wallachs, Baskin, Hastings, Jas. K. Wilson, Silverwoods and F.R. Tripler. Kuppenheimer is a direct to consumer retailer of popular-priced suits, sportcoats and slacks which are sold through its own 127 retail stores. Country Miss operates 69 women's apparel outlets. Hartmarx also has a 49% interest in Robert's, a quality Mexico City manufacturer of men's clothing with 25 stores throughout Mexico.

Divisions and Subsidiaries:

Manufacturing Group

Austin Reed of Regent Street
Christian Dior
Society Brand Ltd.
Graham & Gunn Ltd.
Fashionaire
Hart Schaffner & Marx Clothes

all at:
101 North Wacker Drive
Chicago, Illinois 60606
Plants located: Chicago (3) and Rock Island (2), Illinois; Rochester, Indiana; Cape Giradeau & Chaffee, Missouri.

Hickey-Freeman Co., Inc.
1155 Clinton Avenue, North
Rochester, New York 14621

M. Wile & Company, Inc.
2020 Elmwood Avenue
Buffalo, New York 14207

Johnny Carson Apparel, Inc.
2020 Elmwood Avenue
Buffalo, New York 14207

Jaymar-Ruby, Inc.
5000 South Ohio Street
Michigan City, Indiana 46360

Intercontinental Apparel, Inc.
888 7th Avenue
New York, New York 10019

Gleneagles, Inc.
808 Gleneagles Court
Baltimore, Maryland 21204

Country Miss, Inc. (92% owned)
Tatumy & Kesslersville
P.O. Box 769
Easton, Pennsylvania 18042

Whiteville Apparel Corporation
1 Wilmington Road
Whiteville, North Carolina 28472

Thorngate Uniforms, Inc.
2 DeKalb Street
Norristown, Pennsylvania 19401

Retail Stores Group

Baskin
Chicago, Rockford, Champaign-Urbana, Illinois; Madison, Wisconsin; Fort Wayne, Indiana.

Ray Beers
Topeka, Kansas

Blackburn's
Amarillo, Texas

Capper & Capper, Ltd.
Chicago, Illinois
Detroit, Michigan

Field Bros.
New York, New York

Arthur Frank
Salt Lake City, Utah

Frank Bros.
San Antonio, Texas

Hanny's
Phoenix, Arizona

Hastings
San Francisco, Oakland, San Jose & Monterey, California

Jack Henry
Kansas City, Missouri

Heyward Mahon
Greenville, South Carolina

J.O. Jones
Charlotte & Raleigh, North Carolina

Kleinhans
Buffalo, New York

Klopfenstein's
Seattle & Tacoma, Washington; Portland, Eugene, Salem, Oregon; Anchorage, Alaska

Leopold Price & Rolle
Houston, Texas

Levy-Wolf
Jacksonville, Florida

Liemandt's
Minneapolis, St. Paul, Minnesota

Littler
Seattle, Washington

Merritt Schaefer & Brown
Austin, Texas

Porter-Stevens
New Orleans, Louisiana

Root's
Summit and Red Bank, New Jersey

Shulman's
Norfolk & Hampton, Virginia

Silverwoods
Los Angeles, Palm Springs, Anaheim, Santa Barbara, California
Las Vegas, Nevada

Stevens
Jackson, Mississippi

F.R. Tripler & Co.
New York, New York

Walkers
Columbus, Dayton, Akron & Canton, Ohio

Wallachs
New York, Connecticut, Massachusetts, New Jersey, Rhode Island & New Hampshire

Wallachs of Florida
Miami, Fort Lauderdale, Boca Raton, & Pompano Beach, Florida

Jas. K. Wilson
Dallas and Ft. Worth, Texas

Wolf Bros.
Tampa, St. Petersburg, Ft. Myers & Bradenton, Florida

Zachry
Savannah, Atlanta, Georgia; Montgomery, Alabama; Asheville, North Carolina

National Clothing
St. Louis, Missouri; Ft. Wayne, Indiana

Polo Shop
Seattle, Washington

deJong's
Evansville, Indiana

Chas. A. Stevens
Chicago, Rockford & Merrillville, Illinois

Robert's (49% owned)
Mexico City, Mexico

Acquisition(s):

Briar, Inc.
California-based manufacturer of men's ties and related jewelry.

Transfer Agent(s):

The First National Bank of Chicago
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest

Ticker Symbol: HSM

Number of Stores: (at fiscal year end)

1985	467	1982	348
1984	453	1981	310
1983	400		

Sales and Earnings

	Net Sales	Net Income
1985	$1,109,537,000	$ 42,660,000
1984	1,070,830,000	41,735,000
1983	961,846,000	37,615,000
1982	863,231,000	31,870,000
1981	815,560,000	27,410,000

	No. of Com. Shares +	Earn. per Share ‡
1985	12,588,668	$ 3.38
1984	12,393,604	3.36
1983	12,238,624	3.05
1982	11,967,807	2.51
1981	12,866,287	2.11

+ Adjusted to reflect stock split.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1985	1984	1983	1982
Retail stores division	57%	57%	56%	53%
Manufacturing division	43	43	44	47
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$1.28	—	—
1984	1.12	—	—
1983	0.91⅙	—	3-for-2
1982	0.80⅔	—	—
1981	0.72⅔	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1985	$ 332,412,000	$ 26.41
1984	301,891,000	24.36
1983	271,703,000	22.20
1982	241,250,000‡	20.19
1981	242,358,000‡	18.89

‡ After allowing for preferred stock at liquidation value of $67.50 per share.
† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Nov. 30	1985	1984
Net sales	$ 1,109,537	$ 1,070,830
Other income	16,052	16,984
Total income	$ 1,125,589	$ 1,087,814
Cost of sales	641,246	626,309
Expenses	391,079	368,899
Interest expense	12,014	12,311
Income before taxes	$ 81,250	$ 80,295
Income taxes	38,590	38,560
Net Income	$ 42,660	$ 41,735

* Included in Costs and Expenses, Depreciation and Amortization: $19,625,000 in 1985 and $17,069,000 in 1984.

Assets
(000's)

As of Nov. 30	1985	1984
Cash & short term inv.	$ 22,246	$ 6,750
Accts. receiv., net	188,583	169,612
*Inventories	310,944	306,140
Prepaid expenses	8,430	5,055
Current Assets	$ 530,203	$ 487,557
#Fixed assets	129,694	115,948
Other assets	9,362	10,031
Total Assets	$ 669,259	$ 613,536

Liabilities
(000's)

	1985	1984
Notes payable	$ 38,600	$ 33,000
Long-term debt. curr.	11,216	6,642
Accts. payable & accruals	138,176	133,646
Income taxes	12,032	10,143
Deferred taxes	22,078	17,638
Curr. Liabilities	$ 222,102	$ 204,069
Long-term debt	114,745	110,576
+Common stock	34,925	34,625
Add. paid-in capital	20,164	17,195
Retained earnings	306,159	279,543
Treasury stock	(22,960)	(23,596)
Foreign curr. adj.	(5,876)	(5,876)
Total Liabilities & Shareholders' Equity	$ 669,259	$ 613,536

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value, Series A.
+ + $2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.32	7.50
%Net Income to Sales	3.84	3.90
%Net Income to Equity	12.83	13.82
Sales to Inventories	3.57	3.50
Debt to Equity	0.50	0.50
Working Capital	$308,101,000	$286,488,000
Current Ratio	2.39	2.42
Shareholders' Equity	$332,412,000	$301,891,000

The Harvey Group, Inc.

245 Great Neck Road
Great Neck, New York 11022
(516) 466-5790

Officers: Harvey E. Sampson, chairman of the board & president; Edward J. Maher, vice chairman; Robert C. Cignarella, exec. v.p.; Glenn E. Hemmerle, exec. v.p.; Dennis R. Wilson, v.p., chief financial officer & secretary.

Directors: Michael E. Gellert, Harvey E. Sampson, Richard M. Ramin, Edward J. Maher, William F. Kenny, III, Robert C. Cignarella, Glenn E. Hemmerle, Mark N. Kaplan, John M. Fox.

Business Activities: Engaged in the retail sale of audio and high-fidelity equipment, home entertainment systems, video electronic equipment, television sets, professional and home recording equipment, phonograph records, tapes, and similar products; operates stores in New York City and White Plains, New York, and Paramus, New Jersey. Also operates a food brokerage division.

Divisions and Subsidiaries:

Harvey Electronics
New York, New York

Boerner Company
Great Neck, New York

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: HRA

Number of Stores: (at fiscal year end)

1986	3	1983	3
1985	2	1982	3
1984	3		

Sales and Earnings

	Revenues +	Net Income
1986	$ 24,633,103	$ 424,778
1985	27,974,446	(2,617,298)
1984	28,208,717	(742,569)
1983	23,754,104	(3,610,987)
1982	21,034,456	(1,085,435)

	No. of Com. Shares	Earn. per Share ‡#
1986	2,551,000	$ 0.16
1985	2,551,000	—
1984	2,551,000	—
1983	2,550,215	—
1982	2,527,726	—

(Loss)
‡ Including extraordinary gain of $154,450 ($0.06 per share) in 1986 and extraordinary loss of $118,000 ($0.05 per share) in 1983.
# Based on the weighted average number of common shares and common share equivalents outstanding.
+ Of continuing operations only.

Revenues By Line of Business

	1986	1985
Food brokerage	$ 10,749,647	$ 11,871,834
Retail	13,837,673	16,041,961
Total segments	$ 24,587,320	$ 27,913,795
Interest income	45,783	60,651
Revenues	$ 24,633,103	$ 27,974,446

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 7,190,075	$ 2.82
1985	6,765,297	2.65
1984	9,382,595	3.68
1983	10,122,607	3.97
1982	13,727,244	5.43

Income Account *

Year ended	2/1/86	2/2/85
Net sales	$ 13,837,673	$ 16,041,961
Commissions	10,749,647	11,871,834
Other income	45,783	60,651
Total Income	$ 24,633,103	$ 27,974,446
Cost of sales	9,480,242	12,260,302
Expenses	14,879,450	17,083,467
Interest expense	173,633	220,475
Prov. for store clos.	(325,000)	1,027,500
Inc. (loss) bef. taxes	$ 424,778	$ (2,617,298)
Income taxes	154,450	—
Net Income (Loss)	$ 270,328	$ (2,617,298)

* Included in Costs and Expenses, Depreciation and Amortization: $357,723 in 1986 and $309,017 in 1985.

Assets

As of	2/1/86	2/2/85
Cash	$ 599,073	$ 168,179
Receiv., net	2,304,782	2,275,752
Refundable income taxes	571,415	281,706
*Inventories	3,644,204	2,972,116
Prepaid expenses & other assets	59,366	116,927
Current Assets	$ 7,178,840	$ 5,814,680
#Fixed assets	1,796,479	1,388,112
Other assets	4,587,251	4,494,419
Total Assets	$ 13,562,570	$ 11,697,211

Liabilities

	2/1/86	2/2/85
Long-term debt, curr.	$ 380,848	$ 317,508
Accts. payable	2,105,584	499,736
Accruals	2,280,139	2,383,651
Income taxes	89,052	154,335
Curr. Liabilities	$ 4,855,623	$ 3,355,230
Long-term debt	1,056,074	1,063,759
Cap. lease oblig.	3,827	25,057
Other liab.	353,971	384,868
Def. income taxes	103,000	103,000
+Common stock	2,551,000	2,551,000
Add. paid-in capital	5,939,255	5,939,255
Accum. deficit	(1,300,180)	(1,724,958)
Total Liabilities & Shareholders' Equity	$ 13,562,570	$ 11,697,211

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.07	—
%Net Income to Sales	1.95	—
%Net Income to Equity	3.76	—
Sales to Inventories	3.80	5.40
Debt to Equity	0.20	0.21
Working Capital	$2,323,217	$2,459,450
Current Ratio	1.48	1.73
Shareholders' Equity	$7,190,075	$6,765,297

Haverty Furniture Companies, Inc.

866 West Peachtree Street, N.W.
Atlanta, Georgia 30308
(404) 881-1911

Mailing address:

P.O. Box 54678
Civic Center Station
Atlanta, Georgia 30379

Officers: Rawson Haverty, chairman & chief exec. officer; Frank S. McGaughey, Jr., president & chief operating officer; Leonard O. Gay, exec. vice president, treasurer & chief financial officer; John E. Slater, Jr., v.p.; James E. Smith, v.p.; Hugh G. Wells, Jr., v.p. & asst. treasurer; Christine M. Jones, asst. v.p. & secretary; Daniel E. Walters, v.p.; Clarence H. Smith, v.p.; Roger P. Whitaker, v.p.; Thomas P. Curran, asst. v.p.; Joan S. Nagy, asst. v.p.; Rawson Haverty, Jr., asst. secretary, Dan. C. Bryant, comptroller; Kenneth A. Fogle, asst. v.p.

Directors: Rawson Haverty, Mrs. Clarence Haverty, Frank S. McGaughey, Jr., Leonard O. Gay, F.M. Jones, Jr., Alexander W. Smith, Gordon Jones, Fred J. Bates, George E. Smith, John Rhodes Haverty, Clarence H. Ridley, Kenneth Black, Jr., John C. Wilson, James R. Jones, John E. Slater, Jr., Lynn H. Johnston.

Business Activities: Operates a chain of retail furniture showrooms in 10 southern states.

Transfer Agent(s):

The First National Bank of Atlanta
P.O. Box 3260
Atlanta, Georgia 30302

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HAVT (NASDAQ)

Number of Stores: (at fiscal year end)

1985	68	1982	65
1984	65	1981	65
1983	65		

Sales and Earnings

	Net Sales *	Net Income
1985	$ 196,107,852	$ 10,284,389
1984	175,462,815	6,870,764
1983	155,044,526	5,345,721
1982	125,059,313	2,610,280
1981	122,454,525	2,030,544

	No. of Com. Shares #	Earn. per Share #
1985	2,987,438	$ 3.44
1984	2,793,305	2.31
1983	2,779,055	1.92
1982	2,620,978	1.00
1981	2,658,423	0.76

* Includes service charges and credit life insurance revenues.
# Based on the average number of shares outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.54	—	—
1984	0.48	—	—
1983	0.36	—	2-for-1 & 5-for-4
1982	0.32	5%	—
1981	0.31	—	—

+ Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1985	$ 57,572,985	$ 19.27
1984	48,774,501	16.43
1983	43,600,696	14.63
1982	34,396,603	13.18
1981	32,789,622	12.43

+ Adjusted to reflect stock dividend and stock splits.

Income Account

Year ended Dec. 31	1985	1984
Net sales	$ 196,107,852	$ 175,462,815
Cost of sales	105,649,839	95,630,838
Expenses	70,628,994	61,555,811
Depreciation & amortization	2,647,987	2,328,769
Interest expense	4,691,915	4,581,543
Losses on accounts	1,885,421	1,760,639
Other income	(7,894,493)	(3,080,249)
Income before taxes	$ 17,498,189	$ 12,685,464
Income taxes	7,213,800	5,814,700
Net Income	$ 10,284,389	$ 6,870,764

Assets

As of Dec. 31	1985	1984
Cash	$ 4,070,225	$ 3,519,955
Accts. receiv., net	64,309,309	56,693,965
*Inventories	30,570,489	27,658,248
Pepaid expenses	872,634	778,950
Current Assets	$ 99,822,657	$ 88,651,118
#Fixed assets	36,039,852	32,219,969
Leased under cap. leases	6,579,971	7,022,900
Other assets	1,759,409	2,229,773
Total Assets	$ 144,201,889	$ 130,123,760

Liabilities

Notes payable	$ —	$ 2,954,000
Long-term debt. curr.	3,926,978	1,662,011
Cap. lease oblig., curr.	314,456	285,384
Accts. payable & accruals	15,462,244	12,951,344
Income taxes	12,351,294	10,854,509
Curr. Liabilities	$ 32,054,972	$ 28,707,248
Long-term debt	44,247,852	42,392,705
Cap. lease oblig.	8,203,728	8,518,184
Deferred inc. taxes	1,237,800	1,185,700
Other Liabilities	884,552	545,422
+Common stock	3,026,976	3,000,502
Add. paid-in capital	5,944,984	5,886,002
Retained earnings	48,977,757	40,306,575
Treasury stock	(376,732)	(418,578)
Total Liabilities & Shareholders' Equity	$ 144,201,889	$ 130,123,760

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.92	7.23
%Net Income to Sales	5.24	3.92
%Net Income to Equity	17.86	14.09
Sales to Inventories	6.41	6.34
Debt to Equity	0.98	1.14
Working Capital	$67,767,685	$60,843,870
Current Ratio	3.11	3.19
Shareholders' Equity	$57,572,985	$48,774,501

Hechinger Company

3500 Pennsy Drive
Landover, Maryland 20785
(301) 341-1000

Officers: John W. Hechinger, co-chairman of the board; Richard England, co-chairman of the board; John W. Hechinger, Jr., president; Stephen E. Bachand, exec. v.p.; Philip J. Mansfield, exec. v.p.; Richard L. Ponton, sr. v.p. & director of stores; Sally A. Courtney, sr. v.p.-gen. merchandise mgr.; Joan S. England, sr. v.p.-marketing; Catherine S. Russell, sr. v.p.-human resources; S. Ross Hechinger, sr. v.p.-distribution; W. Clark McClelland, v.p.-finance & treasurer; Lennie H. Zaller, v.p. & controller; Robert G. DeMarco, v.p.-management information services; Joanne M. Barrett, Gerald W. Brase, v.p.'s & div. merchandise managers; John R. McGrath, v.p. & regional mgr.; Pamela D. McMillan, corp. secretary.

Directors: Richard England, John W. Hechinger, Philip J. Mansfield, Stephen E. Bachand, W. Clark McClelland, Richard L. Ponton, Sally A. Courtney, John W. Hechinger, Jr., Joan S. England, S. Ross Hechinger, Catherine S. Russell.

Business Activities: Operates home-center stores in Washington, D.C., Maryland, Virginia, Pennsylvania, North Carolina, Ohio and New York.

Transfer Agent(s):

First Union National Bank
Stock Transfer Dept. TRST-5
Charlotte, North Carolina 28288

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HECH (NASDAQ)

Number of Stores: (at fiscal year end)

1986	54	1983	34
1985	47	1982	31
1984	41		

Sales and Earnings

	Net Sales	Net Income
1986	$ 479,040,000	$ 23,111,000
1985	405,077,000	20,923,000
1984	309,498,773	16,242,955
1983	241,261,144	11,743,602
1982	210,619,072	8,585,552

	No. of Com. Shares +	Earn. per Share +
1986	23,861,465	$ 0.97
1985	22,803,009	0.92
1984	22,671,856	0.72
1983	21,713,374	0.54
1982	21,518,920	0.40

+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	$0.24	—	5-for-4
1985	0.21	—	—
1984	0.15	25%	—
1983	0.05	—	5-for-4 & 3-for-2
1982	0.04	—	—

† Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 171,724,000	$ 7.20
1985	121,014,000	5.31
1984	100,508,458	4.43
1983	71,083,223	3.27
1982	59,437,673	2.76

+ Based on the average number of common shares and common share equivalent outstanding adjusted to reflect stock dividend and stock splits.

Income Account *

Year ended	2/1/86	2/2/85
Net sales	$ 479,040,000	$ 405,077,000
Other income	10,388,000	6,811,000
Total Income	$ 489,428,000	$ 411,888,000
Cost of sales	338,904,000	283,171,000
Expenses	103,423,000	85,611,000
Interest expense	9,811,000	5,052,000
Income before taxes	$ 37,290,000	$ 38,054,000
Income taxes	14,179,000	17,131,000
Net Income	$ 23,111,000	$ 20,923,000

* Included in Costs & Expenses, Depreciation & Amortization: $6,594,000 in 1986 and $4,622,000 in 1985.

Hechinger Company

Assets

As of	2/1/86	2/2/85
Cash	$ 8,495,000	$ 7,476,000
Marketable securities	118,797,000	116,375,000
Accts. receiv., net	41,844,000	37,187,000
*Inventories	84,526,000	66,528,000
Prepaid expenses	15,330,000	10,439,000
Current Assets	$ 268,992,000	$ 238,005,000
#Fixed assets	80,615,000	52,531,000
Other assets	3,483,000	2,124,000
Total Assets	$ 353,090,000	$ 292,660,000

Liabilities

Cap. lease oblig., curr.	$ 343,000	$ 311,000
Accts. payable	56,474,000	49,854,000
Income taxes	4,735,000	6,273,000
Curr. Liabilities	$ 61,552,000	$ 56,438,000
Cap. lease oblig.	17,597,000	17,940,000
Deferred inc. taxes	3,319,000	691,000
Deferred rent	7,383,000	5,062,000
Long-term debt	5,265,000	5,265,000
Subord. debentures	86,250,000	86,250,000
+ Class A common stock	1,096,000	720,000
+ Class B common stock	1,335,000	1,092,000
Add. paid-in capital	83,421,000	54,891,000
Retained earnings	85,872,000	64,311,000
Total Liabilities & Shareholders' Equity	$ 353,090,000	$ 292,660,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

% Income bef. Taxes to Sales	7.78	9.39
% Net Income to Sales	4.82	5.17
% Net Income to Equity	13.46	17.29
Sales to Inventories	5.67	6.09
Debt to Equity	0.10	0.15
Working Capital	$207,440,000	$181,567,000
Current Ratio	4.37	4.22
Shareholders' Equity	$177,724,000	$121,014,000

Heck's, Inc.

Hub Industrial Park
McJunkin Road
P.O. Box 158
Nitro, West Virginia 25143
(304) 755-8331

Officers: Russell L. Isaacs, chairman of the board; Ray O. Darnall, vice chairman; Theodore W. Kazleman, president; Lewis D. Soulsby, Jr., v.p.-advertising; James V. Doss, sr. v.p.-import merchandise; Royce A. Chambers, sr. v.p.-information systems; Darrell M. Elan, v.p.-distribution; Robert L. Frady, sr. v.p.-operations; F. Edward Flake, v.p.-training & human resources; Francis M. Minor, v.p.-construction & facilities; H.G. Shaffer, Jr., secretary; Robert A. Petryszak, treasurer; George W. Mitchell, III, comptroller; William K. Bragg, Jr., asst. secretary & general counsel.

Directors: Russell L. Isaacs, chairman; Ray O. Darnall, H.G. Shaffer, Jr., Gerald A. Eppner, Charles B. Gates, Jr., Brenda H. Cole, Russell S. Wehrle, James C. Wheat, Jr., Walter B. Dial, Jr., Bernard H. Frank.

Business Activities: Operates discount department stores in a nine state contiguous marketing area engaged in retailing clothing, home furnishings, hardware, auto accessories, housewares, toys, and sporting goods. Operates three wholesale distributors engaged in the distribution of automotive accessories and supplies, housewares, small appliances, hardware, sporting goods.

Divisions and Subsidiaries:

Harris & Frank, Inc.
Pittsburgh, Pennsylvania
Wholesale distributor of auto supplies and accessories.

M & W Distributors Division
Poca, West Virginia
Wholesale distributing company of sporting goods, hardware, plumbing and electrical supplies.

Federal Wholesale Co.
Hubbard, Ohio
Wholesale distributing company of housewares, paper products, hardware, consumer electronic products, and cleaning supplies.

Acquisition(s):

Maloney Enterprises, Inc.
Mt. Sterling, Kentucky
Chain of 35 department stores located in Kentucky, West Virginia, Virginia and Tennessee.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): New York

Ticker Symbol: HEX

Number of Stores: (at fiscal year end)

1985	166	1982	119
1984	125	1981	290
1983	122		

Sales and Earnings

	Net Sales +	Net Income
1985	$ 523,332,000	$ (4,908,000)
1984	464,734,000	(7,782,000)
1983	435,056,000	9,554,000
1982	399,283,000	11,144,000
1981	321,310,000	13,362,000

	No. of Com Shares #	Earn. per Share #
1985	8,866,809	$ —
1984	9,002,897	—
1983	9,318,522	1.03
1982	9,797,419	1.14
1981	9,788,534	1.37

(Loss)
+ Of continuing operations only.
# Based on the weighted average number of common shares adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1985	1984
Discount dept. & shoe stores	$ 466,952	$ 409,894
Wholesale distributors	59,079	58,144
Other industries	2,285	3,276
Total	$ 529,316	$ 471,314

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1985	$0.28	—	—
1984	0.28	—	—
1983	0.27	—	—
1982	0.24	—	—
1981	0.23	—	3-for-2

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1985	$ 90,715,000	$ 10.23
1984	98,026,000	11.06
1983	113,392,000	12.26
1982	113,559,000	11.58
1981	104,341,000	10.71

Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 523,332	$ 464,734
Other income	5,984	6,580
Total Income	$ 529,316	$ 471,314
Cost of sales	412,014	378,254
Expenses	114,289	97,297
Interest expense	12,967	12,543
Loss bef. taxes	$ (9,954)	$ (16,780)
Tax credit	(5,046)	(8,998)
Net Loss	$ (4,908)	$ (7,782)

* Included in Costs and Expenses, Depreciation and Amortization: $9,013,000 in 1985 and $7,332,000 in 1984.

Assets
(000's)

As of Dec. 31	1985	1984
Cash & equivalents	$ 12,730	$ 7,776
Note receivable	—	27,556
Accts. receiv., net	8,272	9,349
*Inventories	162,250	125,621
Refund. inc. taxes	6,170	11,156
Other assets	5,429	4,353
Current Assets	$ 194,851	$ 185,811
Investments	5,120	2,953
#Fixed assets	81,970	67,333
Assets under cap. leases	17,743	19,089
Other assets	2,861	9,736
Total Assets	$ 302,545	$ 284,922

Liabilities
(000's)

Notes payable	$ 24,500	$ 37,600
Long-term debt, curr.	6,424	4,413
Cap. lease oblig. curr.	1,519	1,344
Accts. payable	72,651	44,721
Income taxes	274	996
Accrued comp.	2,599	3,052
Accrued taxes	6,625	4,477
Other liabilities	3,398	1,108
Curr. Liabilities	$ 117,990	$ 97,711
Long-term debt	61,072	62,656
Cap. lease oblig.	23,554	24,824
Deferred inc. taxes	340	1,542
Other oblig.	3,761	163
+ Common stock	927	926
Add. paid-in capital	19,450	19,372
Retained earnings	75,493	82,883
Treasury stock	(5,155)	(5,155)
Total Liabilities & Shareholders' Equity	$ 302,545	$ 284,922

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	3.23	3.70
Debt to Equity	1.29	1.33
Working Capital	$76,861,000	$88,100,000
Current Ratio	1.65	1.90
Shareholders' Equity	$90,715,000	$98,026,000

Heilig-Meyers Company

3228 West Cary Street
Richmond, Virginia 23221
(804) 359-9171

Officers: William C. DeRusha, chairman & chief executive officer; Troy A. Peery, Jr., president & chief financial officer; Lloyd C. King, R.G. Laughter, Ralph H. Beam, Troy J. Bridgers, James R. Riddle, sr. v.p.'s; William J. Dieter, sr. v.p.-accounting, controller & chief accounting officer; Steven

B. Cash, J.P. Childress, Edward Dovers, Sara J. Stuckwell, Dee W. Vinson, Douglas M. Adams, Ed Helms, v.p.'s, John H. Sniffin, v.p., treasurer & secretary; J. Henry Perry, S. Stanley Prince, J.D. Somers, asst. v.p.'s.

Directors: H. Meyers, S. Sidney Meyers, Nathaniel Krumbein, Robert L. Burrus, Jr., Alexander Alexander, Lawrence N. Smith, William DeRusha, Alan G. Fleischer, George A. Thornton, III, Troy A. Peery, Jr., Benjamin F. Edwards, III.

Business Activities: Operates a chain of retail home furnishings stores in Virginia, North Carolina, South Carolina, West Virginia, Georgia, Alabama, Mississippi, Tennessee, Kentucky and Florida.

Subsidiaries:

Caplan Furniture Company
Caplan Furniture Company of Logan, Inc.
Heilig-Meyers Company of Georgia
Heilig-Meyers Company of North Carolina
Heilig-Meyers Company of South Carolina, Inc.
Heilig-Meyers Company of Tennessee
Heilig-Meyers Company of Virginia
Heilig-Meyers Company of West Virginia
Sterchi Brothers Stores, Inc.
Thomas Furniture, Inc.

all located at:
3228 West Cary Street
Richmond, VA 23221

Transfer Agent(s):

United Virginia Bank
919 East Main Street
Richmond, Virginia 23219

Stock Exchange(s): New York

Ticker Symbol: HMY

Number of Stores: (at fiscal year end)

1986	216	1983	83
1985	127	1982	81
1984	101		

Sales and Earnings

	Net Sales	Net Income
1986	$ 152,722,000	$ 10,232,000
1985	140,933,000	11,749,000
1984	113,999,000	9,955,000
1983	96,419,000	6,807,000
1982	90,015,000	5,671,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	9,582,000	$ 1.07
1985	9,394,000	1.25
1984	9,343,000	1.07
1983	8,108,000	0.84
1982	7,994,000	0.71

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.28	—	3-for-2
1985	0.24	—	—
1984	0.21	—	3-for-2
1983	0.21	—	—
1982	0.15	10%	—

‡ Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 91,787,000	$ 9.58
1985	79,303,000	8.44
1984	68,970,000	7.38
1983	61,011,000	7.52
1982	43,332,000	5.42

‡ Adjusted to reflect stock dividend and stock splits.

Income Account *
(000's)

Year ended March 31	1986	1985
Net sales	$ 152,722	$ 140,933
Other income	29,592	27,006
Total income	$ 182,314	$ 167,939
Cost of sales	97,719	87,338
Expenses	49,758	44,529
Prov. for doubtful accts.	8,297	6,847
Prof. sh. plan	797	937
Interest expense	6,882	6,092
Income before taxes	$ 18,861	$ 22,196
Income taxes	8,629	10,447
Net Income	$ 10,232	$ 11,749

* Included in Costs and Expenses, Depreciation and Amortization: $4,160,000 in 1986 and $3,260,000 in 1985.

Assets
(000's)

As of March 31	1986	1985
Cash	$ 3,954	$ 5,550
Accts. receiv., net	157,373	118,248
Other receiv.	4,089	3,117
*Inventories	55,260	44,079
Prepaid expenses	6,923	3,636
Current Assets	$ 227,599	$ 174,630
#Fixed assets	59,573	33,555
Other assets	3,838	1,326
Intangibles	12,765	—
Total Assets	$ 303,775	$ 209,511

Liabilities
(000's)

	1986	1985
Notes payable	$ 68,241	$ 42,000
Long-term debt, curr	13,030	2,387
Accts. payable	6,460	5,088
Accruals	19,099	11,849
Deferred income taxes	32,578	26,899
Dividends payable	647	
Curr. Liabilities	$ 140,055	$ 88,223
Long-term debt	68,539	39,683
Deferred comp.	1,037	1,116
Deferred inc. taxes	2,357	1,186
+ Common stock	19,358	12,556
Add. paid-in capital	17,664	19,657
Retained earnings	54,765	47,090
Total Liabilities & Shareholders' Equity	$ 303,775	$ 209,511

* At lower of cost or market, by the retail method.
# Less accumulated depreciation and amortization.
+ $2 par value.

Statistical Summary

%Income bef. Taxes to Total Income	10.35	13.22
%Net Income to Total Income	5.61	7.00
%Net Income to Equity	11.15	14.82
Sales to Inventories	2.76	3.81
Debt to Equity	1.63	1.06
Working Capital	$87,544,000	$86,407,000
Current Ratio	1.63	1.98
Shareholders' Equity	$91,787,000	$79,303,000

D.H. Holmes Company, Limited

819 Canal Street
New Orleans, Louisiana 70112
(504) 561-6611

Officers: Hugh McC. Evans, chairman of the board; T. Robert Fiddler, president & chief exec. officer; Robert L. Karem, exec. v.p. & chief admin. officer; James E. Ammon, sr. v.p.-finance; Donald W. Johnston, exec. v.p.-merchandise & publicity; Louis R. Roussel, sr. v.p.-physical properties & merchandise presentation; Robert G. Morgan, sr. v.p.-personnel & operations; Paul R. Falter, v.p., controller & treasurer; E. Stewart Maunsell II, v.p. & secretary; Charles Ennis, M. Elizabeth Tahir, Ann Lynne Strug, R. Stephen Wall, v.p.'s & gen. mdse. mgrs.; Kenneth J. DeZwaan, John N. Kuchler, Raymond E. Weidenbacher, v.p.'s & sr. store mgrs.; Jay F. Hebert, v.p.-public affairs; William G. Turner, v.p. & plant superintendent; Norris S.L. Williams, asst. secretary; Gerard M. Hoffman, v.p.-operations.

Directors: Hugh McC. Evans, E. Stewart Maunsell II, T. Robert Fiddler, George G. Westfeldt, Jr., Frank E. Schmidt, Donald J. Nalty, Norris S.L. Williams, Robert L. Karem, James E. Ammon, Sidney W. Lassen, John F. Bricker, Harry McCall, Jr.

Business Activities: Operates 18 department stores in Alabama, Louisiana, Florida and Mississippi. Also operates 5 separate shoe stores and two clearance centers, and 13 car care centers under a lease management agreement with B.F. Goodrich.

Subsidiaries:

D.H. Holmes Realty, Inc.
D.H. Holmes Credit Corporation (unconsolidated)
D.H. Holmes B.R., Inc.

Transfer Agent(s):

D.H. Holmes Company, Limited
New Orleans, Louisiana

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HLME (NASDAQ)

Number of Stores*: (at fiscal year end)

1986	18	1983	14
1985	15	1982	13
1984	14		

* Department stores only.

Sales and Earnings

	Net Sales ‡	Net Income
1986	$ 272,819,000	$ 3,375,000
1985	271,681,000	7,523,000
1984	253,844,000	8,458,000
1983	240,716,000	6,967,000
1982	220,997,000	4,620,000

	No. of Com. Shares +	Earn. per Share #
1986	3,400,156	$ 1.00
1985	3,383,044	2.23
1984	3,364,306	2.88
1983	2,758,838	2.53
1982	2,758,078	1.72

‡ Including leased departments.
+ Adjusted to reflect stock split.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$1.00	—	—
1985	1.00	—	—
1984	0.98	—	2-for-1
1983	0.89	—	—
1982	0.85	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 69,770,000	$ 20.52
1985	69,370,000	20.51
1984	64,855,000	19.28
1983	48,703,000	17.65

D.H. Holmes Company, Limited

1982	44,182,000	16.02

‡ Adjusted to reflect stock split.

Income Account

Year ended	2/1/86	2/2/85
Net sales	$ 272,819,000	$ 271,681,000
Cost of sales	187,619,000	185,259,000
Expenses	54,730,000	53,083,000
Depreciation & amortization	7,309,000	6,083,000
Prov. for doubtful accts.	3,119,000	1,835,000
Rents	6,961,000	6,543,000
Repair & maintenance	2,820,000	3,035,000
Interest expense	9,121,000	7,265,000
Pension plan costs	1,258,000	1,005,000
Gain on sale of prop	(2,338,000)	(2,336,000)
Income before taxes	$ 2,922,000	$ 9,909,000
Income taxes (credit)	(453,000)	2,386,000
Net Income	$ 3,375,000	$ 7,523,000

Assets

As of	2/1/86	2/2/85
Cash	$ 4,883,000	$ 4,689,000
Accts. receiv., net	12,083,000	20,892,000
*Inventories	43,140,000	42,330,000
Other current assets	4,512,000	1,871,000
Current Assets	$ 64,618,000	$ 69,782,000
Investments	7,831,000	7,628,000
#Fixed assets	103,039,000	82,162,000
Other assets	1,955,000	1,300,000
Total Assets	$ 177,443,000	$ 160,872,000

Liabilities

Notes payable	$ 4,385,000	$ 4,342,000
Long-term debt, curr.	1,907,000	1,677,000
Accts. payable	18,298,000	19,615,000
Accruals	4,273,000	5,351,000
Income taxes	8,912,000	11,044,000
Curr. Liabilities	$ 37,739,000	$ 42,029,000
Long-term debt	53,386,000	37,950,000
Deferred inc. taxes	8,281,000	6,020,000
Deferred credit	8,267,000	5,503,000
+ Common stock	8,703,000	8,660,000
Add. paid-in capital	19,289,000	18,917,000
Retained earnings	42,790,000	42,805,000
Treasury stock	(1,012,000)	(1,012,000)
Total Liabilities & Shareholders' Equity	$ 177,443,000	$ 160,872,000

* At LIFO cost
# Less accumulated depreciation and amortization
+ $5 par value

Statistical Summary

% Income bef. Taxes to Sales	1.07	3.65
% Net Income to Sales	1.24	2.77
% Net Income to Equity	4.84	10.84
Sales to Inventories	6.32	6.42
Debt to Equity	0.86	0.63
Working Capital	$26,879,000	$27,753,000
Current Ratio	1.71	1.66
Shareholders' Equity	$69,770,000	$69,370,000

The Horn & Hardart Company

101 Convention Center Drive
Las Vegas, Nevada 89109
(702) 389-9500

Officers: Barry W. Florescue, chairman of the board & president; William J. Fitzgerald, exec. v.p. & pres.-Hanover House Industries, Robert F. Byrnes, sr. exec. v.p. & secretary, Franklin I. Levy, exec. v.p.-real estate; Munir Saltoun, exec. v.p., chief financial officer & treasurer, Michael P. Sherman, v.p.-legal counsel; Wayne P. Garten, v.p.-controller.

Directors: Barry W. Florescue, chairman of the board; Donald Schupak, Robert F. Byrnes, William J. Curtis, Charles L. Jarvie, Jack E. Rosenfeld, S. Lee Kling, C. Anthony Wainwright.

Business Activities: Primarily engaged in operations in two industries: food service and mail order marketing. The food service business consists of the operation of 324 Bojangles' restaurants, primarily in the Southeast, Burger King and 22 Arby's fast food restaurants, and other restaurants in New York City and South Florida. The mail order business, located in Pennsylvania, specializes in the sale of novelty products, unique items and specialty merchandise, women's fashions, and gardening and nursery products through catalogs and magazine and newspaper advertising.

Divisions and Subsidiaries:

Hanover House Industries
Mail Order Division
340 Poplar Street
Hanover, Pennsylvania 17331

Leavitt Advertising Agency, Inc.
225 West 34th Street
New York, New York 10122

Royal Center, Inc.
395 Convention Center Drive
Las Vegas, Nevada 89109

H.H.B.K., Inc.
New York

Food Service Division
1163 Avenue of Americas
New York, New York 10036
Burger Kings, Arby's, Kitty Hawks, David's Cookies and other retail food outlets.

Bojangles' of America, Inc.
4421 Stuart Andrew Blvd.
Charlotte, North Carolina 28210

H&H Consulting Corp.
1163 Avenue of the Americas
New York, New York 10036

Transfer Agent(s):

Manufacturers Hanover Trust
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): American

Ticker Symbol: HOR

Number of Stores:

1985	364

Sales and Earnings

	Net Sales	Net Income #
1985	$ 356,167,000	$ (7,225,000)
1984	363,826,000	9,521,000
1983*	345,313,000	13,455,000
1982	237,541,000	6,603,000
1981	166,144,000	5,229,000

	No. of Com. Shares +	Earn. per Share # +
1985	12,164,741	$ —
1984	12,708,149	0.71
1983*	12,180,493	1.09
1982	8,478,322	0.69
1981	7,867,687	0.68

(Loss)
* 53 weeks.
# Including extraordinary gain of $750,000 ($0.11 per share) in 1981.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock split.

Revenues By Line of Business
(000's)

	1985	1984
Mail order	$ 225,497	$ 211,539
Food service	127,842	140,202
Other revenues	10,487	4,426
Total	$ 363,826	$ 356,167

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	—	—
1984	—	5%	—
1983	—	5%	3-for-2
1982	—	10%	—
1981	—	10%	—

Common Stock Equity

	Total Equity	Equity Per Share †
1985	$ 95,179,000	$ 7.82
1984	105,464,000	8.30
1983	96,585,000	7.93
1982	34,282,000	4.04
1981	28,963,000	3.68

† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock split.

Income Account *
(000's)

Year ended	12/28/85	12/29/84
Revenues	$ 356,167	$ 363,826
Cost of sales & oper. exp.	317,539	313,109
Expenses	43,796	33,934
Interest expense	8,057	2,462
Income (loss) bef. taxes	$ (13,225)	$ 14,321
Income taxes (credit)	(6,000)	4,800
Net Income (Loss)	$ (7,225)	$ 9,521

* Included in Costs and Expenses, Depreciation and Amortization: $12,060,000 in 1985 and $9,314,000 in 1984.

Assets
(000's)

As of	12/28/85	12/29/84
Cash	$ 27,663	$ 15,223
Market. secur.	2,797	3,285
Accts. & notes receiv., net	32,367	31,080
*Inventories	20,847	23,705
Other curr. assets	19,873	15,925
Current Assets	$ 103,547	$ 89,218
Market. secur.	4,731	31,576
Notes receiv.	27,599	32,473
#Fixed assets	111,872	98,709
Defer. charges & other assets	15,879	16,345
Intangibles	17,974	15,249
Total Assets	$ 281,602	$ 283,570

Liabilities
(000's)

Notes payable	$ 12,275	$ 5,000
Long-term debt, curr.	7,739	5,740
Accts. payable	37,907	39,710
Accruals	15,130	15,996
Curr. Liabilities	$ 73,051	$ 66,446
Long-term debt	88,229	90,755
Obligations under capital leases	9,684	6,570
Other liabilities	8,159	7,301
Redeemable preferred stock	7,300	7,034
+ Common stock	8,256	8,255
Add. paid-in capital	95,660	95,609
Retained earnings (deficit)	(4,236)	3,655
Treasury stock	(3,391)	(927)
Notes receivable	(589)	(832)
Unreal. loss on investment	(521)	(296)
Total Liabilities & Shareholders' Equity	$ 281,602	$ 283,570

* At lower of cost (FIFO for merchandise; average cost for food and beverage) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.94
%Net Income to Sales	—	2.62
%Net Income to Equity	—	9.03
Sales to Inventories	17.08	15.35
Debt to Equity	1.24	1.02
Working Capital	$30,496,000	$ 22,772,000
Current Ratio	1.42	1.34
Shareholders' Equity	$95,179,000	$105,464,000

House of Fabrics, Inc.

13400 Riverside Drive
Sherman Oaks, California 91423
(818) 995-7000

Officers: Barney Sofro, chairman of the board; Gary L. Larkins, president & chief exec. officer; Donald R. Ardemagni, sr. v.p.-fabric buying; Edward L. Chow, v.p.-data processing; James C. Compton, sr.v.p.-& gen. mgr.; Larry R. Eames, v.p.-marketing; Edwin E. Johnson, v.p.-construction; Marvin S. Maltzman, v.p., secretary & general counsel; Bill Smith v.p.-warehousing & distribution; William James Heaton, v.p.-finance & administraton and chief financial officer; Jay Bowen, v.p.-notions buying; Gary A. Bunch, v.p.-sewing machine operations; James C. Webb, v.p.-real estate; Russell M. Meppen, controller; Aurora Stewart, treasurer & asst. secretary.

Directors: David I. Sofro, E. Ben Mitchell, Barney Sofro, Charles Sofro, Gary L. Larkins*, James A. Nathan, James J. McMorrow, Myron M. Kaplan.

* Member of the Executive Committee.

Business Activities: Sells fabrics, needlecrafts, sewing machines and notions through retail stores in 43 states. The name "House of Fabrics" is used for stores located west of the Rocky Mountains; the name "So-Fro Fabrics" is used for stores east of the Rocky Mountains.

Transfer Agent(s):

Bank of America National Trust & Savings Association
55 Hawthorne St.
San Francisco, California 94105

Stock Exchange(s): New York, Pacific

Ticker Symbol: HF

Number of Stores: (at fiscal year end)

1986	730	1983	622
1985	760	1982	564
1984	684		

Sales and Earnings

	Net Sales	Net Income
1986	$ 286,743,000	$ 4,257,000
1985	278,256,000	11,332,000
1984	239,625,000	9,678,000
1983	230,641,000	11,298,000
1982	180,155,000	7,865,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	6,535,421	$ 0.64
1985	6,492,177	1.71
1984	6,442,427	1.46
1983	6,389,927	1.73
1982	6,107,728	1.28

‡ Based on the weighted average number of shares outstanding, adjusted to reflect stock split.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	$0.48	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.32	—	5-for-4
1982	0.18	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 82,094,000	$ 0.48
1985	80,720,000	12.43
1984	71,644,000	11.12
1983	63,940,000	10.01
1982	53,189,000	8.71

† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Jan. 31	1985	1985
Net sales	$ 286,743	$ 278,256
Cost of sales	136,152	133,726
Expenses	136,807	121,444
Interest expense	1,656	1,281
Prov. for loss or dispos. of assets	4,100	—
Income before taxes	$ 8,028	$ 21,805
Income taxes	3,771	10,473
Net Income	$ 4,257	$ 11,332

* Included in Costs and Expenses, Depreciation and Amortization: $5,44,000 in 1986 and $4,702,000 in 1985.

Assets
(000's)

As of Jan. 31	1986	1985
Cash	$ 1,315	$ 662
Receiv., net	1,389	2,463
*Inventories	112,018	89,185
Prepaid expenses	2,950	1,319
Deferred tax benefits	1,991	143
Current Assets	$ 119,663	$ 93,772
#Fixed assets	37,765	31,677
Other assets	517	561
Total Assets	$ 157,945	$ 126,010

Liabilities
(000's)

Long-term debt, curr.	$ 1,314	$ 260
Accts. payable	37,079	25,858
Notes payable	18,000	5,000
Accruals	8,337	8,673
Income taxes	1,000	1,538
Reserve for loss on dispos. of assets	4,039	—
Curr. Liabilities	$ 69,769	$ 41,472
Def. inc. taxes/	2,688	1,518
Long-term debt	3,394	2,300
+ Common stock	654	649
Add. paid-in capital	14,260	14,016
Retained earnings	67,180	66,055
Total Liabilities & Shareholders' Equity	$ 157,945	$ 126,010

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.80	7.84
%Net Income to Sales	1.48	4.07
%Net Income to Equity	5.19	14.04
Sales to Inventories	2.56	3.12
Debt to Equity	0.28	0.09
Working Capital	$49,894,000	$52,300,000
Current Ratio	1.72	2.26
Shareholders' Equity	$82,094,000	$80,720,000

Hudson's Bay Company

Hudson's Bay House
77 Main Street
Winnipeg, Manitoba R3C2R1, Canada
(204) 943-0881

Officers: Donald S. McGiverin, governor; Brian C. Grose, v.p. & controller; A. Rolph Huband, v.p. & secretary; Peter F.S. Nobbs, v.p. & treasurer; George J. Kosich, T. Iain Ronald, exec. v.p.'s; Stuart W. Fraser, v.p.-planning; Douglas W. Mahaffy, sr. v.p.-finance & administration; Ronald N.D. Hogan, v.p.-credit; Donald C. Rogen, v.p.-real estate & development; Larry W. Rowe, v.p.-information services; B. Lynn Jones, asst. treasurer.

Directors: I.A. Barclay, M. Belanger, Dawn R. McKeag, G.C. Hoyer Millar, A.J. MacIntosh*, D.S. McGiverin*, M.W. Jacomb*, Kenneth R. Thomson, John A. Tory*, J.W. Bird, W. Michael Brown, Graham R. Dawson, Pierre Laurin, Peter W. Mills, J. Michael Scott, Thomas S. Dobson, George J. Kosick, David F. Mitchell, T. Iain Ronald.

* Member of the Executive Committee.

Business Activities: Operates department stores in major Canadian cities; fur trading auction houses in London, Toronto and New York; wholesale distributor of blankets, spirits, tobacco, giftwear and confectionery products. Also, has real estate and natural resource interests. Stores operate under the names The Bay, Zellers, Fields and Simpsons.

Principal Subsidiaries:

Hudson's Bay Company Acceptance Limited
Purchases accounts receivable.

Hudson's Bay Company Real Estate Limited
Property owning company.

Hudson's Bay Company Properties Limited
Property owning company.

Markland Properties, Inc.
Property development company.

Simpsons Limited
Operates department stores.

Simpsons Acceptance Company Limited
Purchases accounts receivable.

Zellers Inc.
Operates department stores.

Fields Stores Limited
Operates family clothing stores.

Hudson's Bay Company Fur Sales Inc.
Fur brokers.

Hudson's Bay Company Fur Sales Canada Limited
Fur brokers.

Hudson's Bay and Annings Limited
Fur brokers.

Canadian Roxy Petroleum Ltd. (54.3% owned)
Petroleum company.

Transfer Agent(s):

The Royal Trust Company
Calgary, Montreal, Toronto, Vancouver & Winnipeg

The Royal Bank of Scotland PLC
London, England

Stock Exchange(s): Montreal, Toronto, London and Winnipeg.

Ticker Symbol: HBC

Number of Stores: (at fiscal year end)

1985	581	1982	560
1984	586	1981	630
1983	570		

Sales and Earnings

	Sales & Revenues (000's)	Net Income + (000's)
1985	$ 5,271,548	$ (9,055)

Hudson's Bay Company

1984	4,829,325	(107,434)
1983	4,370,528	64,900
1982	4,138,671	(127,600)
1981	4,172,442	396,168

	No. of Com. Shares	Earn. per Share ‡+
1985	28,886,002	$ —
1984	23,787,166	—
1983	23,728,311	1.86
1982	23,870,052	—
1981	23,777,181	15.78

(Loss)

+ Including extraordinary gains of $3,471,000 ($0.14 per share) in 1985, $82,806,000 ($3.49 per share) in 1983, $382,435,000 ($16.12 per share) in 1981, and extraordinary loss of $5,420,000 in 1982.

‡ Based on the weighted average number of shares outstanding.

Revenues By Line of Business
(000's)

	1985	1984
Retail	$ 4,312,682	$ 3,958,422
Wholesale	637,659	581,813
Fur	41,372	38,338
Real estate	276,112	243,452
Natural resources	3,723	7,300
Total	$ 5,271,548	$ 4,829,325

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.60	—	—
1984	0.60	—	—
1983	0.60	—	—
1982	0.75	—	—
1981	1.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 880,753,000	$ 30.49
1984	791,992,000	33.29
1983	933,928,000	39.36
1982	907,016,000	38.00
1981	1,059,940,000	44.58

Income Account *
(000's)

Year ended Jan. 31	1986	1985
Net sales & revenues	$ 5,271,548	$ 4,829,325
Cost of sales & exp	5,018,635	4,717,442
Interest expense	250,393	199,275
Inc. (loss) bef. taxes	$ 2,520	$ (87,392)
Income taxes	12,895	19,292
Minority interest	(1,320)	750
Net Loss	$ (9,055)	$ (107,434)
Extraord. gain	3,471	—
Net Loss & extraord. gain	$ (5,584)	$ (107,434)

* Included in Costs and Expenses, Depreciation and Amortization: $92,553,000 in 1985 and $83,537,000 in 1984.

Assets
(000's)

As of Jan. 31	1986	1985
Cash	$ 8,335	$ 8,724
Marketable securities	50,650	20,223
Accts. receiv., net	1,109,743	923,347
Recov. inc. taxes	5,094	
*Inventories	994,677	886,799
Prepaid expenses	28,246	24,722
Current Assets	$ 2,196,745	$ 1,863,815
Investments	447,165	504,190
Secured receiv.	109,555	58,065
#Fixed assets	1,047,405	1,020,481
Land for sale & devel.	363,850	312,843
Defer. charges	80,158	77,994
Intangibles	108,892	106,423
Deferred inc. taxes	16,455	7,001
Total Assets	$ 4,370,225	$ 3,950,812

Liabilities
(000's)

Notes payable	$ 473,965	$ 465,224
Bank indebtness	460,576	288,912
Long-term debt, curr.	196,398	173,082
Accts. payable & accruals	612,770	483,662
Income taxes payable	—	6,434
Curr. Liabilities	$ 1,743,709	$ 1,417,314
Long-term debt	1,448,185	1,403,731
Minority interest	64,370	74,690
Pensions	—	19,993
+ Redeem. pref. stock	230,709	240,486
+ Common stock	376,981	259,489
Add. paid-in capital	10,378	9,574
Retained earnings	486,123	526,610
Cum. trans. adjust.	9,770	(1,075)
Total Liabilities & Shareholders' Equity	$ 4,370,225	$ 3,950,812

* At lower of cost and net realizable value. Retail inventories at average method, all others at FIFO.

# Less accumulated depreciation.

+ No par value.

Statistical Summary

Debt to Equity	2.32	2.25
Working Capital	$ 453,036,000	$ 446,501,000
Current Ratio	1.26	1.32
Shareholders' Equity	$1,113,961,000	$1,035,084,000

Imasco Limited

4 Westmount Square
Montreal, Quebec, Canada H3Z 2S8
(514) 937-9111

Officers: Paul Pare, chairman of the board & chief executive officer; L. Edmond Ricard, vice chairman; Purdy Crawford, president & chief operating officer; [illegible], v.p. & general counsel; Roderick C. Foster, exec. v.p.; Robert C. Begin, v.p. & treasurer; William J. Harris, v.p.-administration; Roy R. Schwartz, v.p.-corporate development; Noel Perusse, v.p.-industry relations; Daniel E. Somers, exec. v.p. & chief financial officer & comptroller; Paul Ryan, v.p. & secretary; Torrance J. Wylie, v.p. public affairs; Pierre Duhamel, assistant treasurer; Richard L. Hall, asst. comptroller; Lise Pratte, asst. secretary.

Directors: Paul H. Pare*, L. Edmond Ricard*, Purdy Crawford*, Yves Hudon, Peter Kilburn, Jean-Louis Mercier, Murray B. Koffler, Jack A. Laughery, Roderick C. Foster, Rowland Frazee*, Sheldon W. Fantle, David R. Bloom, Jean H. Richer, Paul E. Martin*, Daniel E. Somers.

* Member of the Executive Committee.

Business Activities: Imasco Ltd. is a major Canadian consumer and services corporation with operations in Canada and the United States. Imasco operates through five main divisions. Imperial Tobacco, Canada's largest tobacco company, manufactures and distributes a complete range of tobacco products. The UCS Group operates a chain of 464 tobacco and gift shops across Canada. Shoppers Drug Mart operates a chain of 434 franchised and company-owned pharmacies in Canada, specializing in prescription drugs, over-the-counter medication, health and beauty aids and cosmetics. Peoples Drug Stores operates a chain of 832 drug stores in 15 states and in Washington, D.C.; and Imasco USA operates and licenses a system of 2,587 restaurants principally under the name of Hardee's.

Divisions:

Imperial Tobacco
3810 St. Antoine Street West
Montreal, Quebec H4C 1B5
Canada

Manufactures and distributes cigarettes, fine cut tobaccos, pipe tobaccos, chewing tobaccos and markets snuff.

Imperial Leaf Tobacco
John Street North
Aylmer, Ontario N5H 2R8
Canada

Purchases and processes leaf tobacco for Imperial Tobacco and for export.

The UCS Group
50 Overlea Boulevard
Toronto, Ontario M4H 1B9
Canada

Operates a chain of 464 retail tobacco and gift shops in Canada.

Shoppers Drug Mart
225 Yorkland Boulevard
Toronto, Ontario M2J 4Y7
Canada

Operates a group of 434 licensed and company-owned drug stores in Canada.

Top Drugs Mart
Toronto, Ontario

Pharmaprix
Montreal, Quebec

Imasco Resources
4 Westmount Square
Montreal, Quebec H3Z 2S8

Explores investment opportunities in natural resources and venture capital fields, and the operations of the 464 UCS Group tobacco and gift shops in Canada.

Imasco B.V.
J.J. Viottastraat 50
Amsterdam, 1071 JT The Netherlands

Finances associated businesses.

Imasco U.S.A., Inc.
1233 North Church Street
Rocky Mount, N.C. 27801

Operates and licenses 2,587 fast service restaurants principally under the name Hardee's in the U.S. and operates manufacturing and distribution facilities.

Burger Chef Systems, Inc.
3500 DePauw Boulevard
Indianapolis, Indiana 46268

Hardee's Food Systems, Inc.

Fast Food Merchandisers, Inc.

Orsanti, Inc.
Northern Italian Cuisine.

Specialty Food Service Division

Peoples Drug Stores, Inc.
6315 Bren Mar Drive
Alexandria, Virginia 22312

Operates a chain of 832 drug stores in 15 states and the District of Columbia.

Transfer Agent(s):

Montreal Trust Company
Montreal, Quebec, Canada
Halifax, Nova Scotia, Canada
Toronto, Ontario, Canada
Vancouver, British Columbia, Canada
Calgary, Alberta, Canada
Winnipeg, Manitoba, Canada
Regina, Saskatchewan, Canada

Stock Exchange(s): Montreal, Toronto, Vancouver

Ticker Symbol: IMS

Number of Stores:* (at fiscal year end)

1986	1,730	1983	1,447
1985	1,667	1982	1,407
1984	1,467		

* Excludes restraurant operations.

Sales and Earnings ‡

	Net Sales # (000's)	Net Income + (000's)
1986	$ 5,325,134	$ 267,745
1985	4,353,254	234,108
1984	2,873,151	205,080

1983	2,713,901	161,594
1982	2,190,756	124,176

	No. of Com. Shares †	Earn. per Share + ×
1986	108,908,146	$ 2.40
1985	108,898,364	2.25
1984	102,108,696	2.14
1983	90,909,478	1.79
1982	82,812,296	1.34

‡ In Canadian dollars

# Includes sales and excise tax.

+ Includes extraordinary gains of $10,908,000 ($0.11 per share) in 1984, $4,831,000 ($0.06 per share) in 1983 and extraordinary loss of $4,663,000 ($0.06 per share) in 1982.

† Adjusted to reflect stock splits.

× Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.75	—	—
1985	0.645	—	2-for-1
1984	0.50	—	—
1983	0.40	—	2-for-1
1982	0.35	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1986	$1,511,291,000	$ 13.52
1985	1,319,981,000	11.87
1984	982,221,000	9.49
1983	713,857,000	7.85
1982	483,545,000	5.84

‡ After allowing for preferred shares at stated value

† Adjusted to reflect stock splits

Income Account
(000's)

Year ended Mar. 31	1986	1985
Revenues	$ 5,325,134	$ 4,353,254
Sales & excise taxes	1,014,354	727,281
Oper. costs	3,844,910	3,193,941
Oper. profit	$ 465,870	$ 432,032
Corp. expenses	20,020	17,308
Interest expense	38,658	49,300
Income before taxes	$ 407,192	$ 365,424
Income taxes	145,447	131,316
Net Income	$ 261,745	$ 234,108

Assets
(000's)

As of Mar. 31	1986	1985
Cash & term deposits	$ 373,905	$ 270,741
Accts. & notes receiv., net	232,627	282,750
*Inventories	1,026,881	909,704
Prepaid expenses	29,347	16,603
Current Assets	$ 1,662,760	$ 1,479,798
Investments & notes receiv.	104,609	96,087
#Fixed assets	921,506	867,618
Defer. charges	52,844	48,301
Intangibles	244,925	249,768
Total Assets	$ 2,986,644	$ 2,741,572

Liabilities
(000's)

Bank indebtedness	$ 247,408	$ 334,932
Long-term debt, curr.	26,297	17,882
Accts. payable & accruals	439,302	368,239
Income & other taxes	71,450	50,541
Curr. Liabilities	$ 784,457	$ 771,594
Long-term debt	603,106	560,008
Long-term oblig. under cap. leases	26,406	30,544
Deferred inc. taxes	55,584	53,645
Preference stock 6%	5,800	5,800
+ Common stock	447,958	447,645
Gain on for. curr. trans.	39,104	27,834
Retained earnings	1,024,229	884,502
Total Liabilities & Shareholders' Equity	$ 2,986,644	$ 2,741,572

* At lower of cost or net realizable value.

# Less accumulated depreciation

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	7.65	8.39
%Net Income to Sales	4.92	5.38
%Net Income to Equity	17.25	17.66
Sales to Inventories	5.19	4.79
Debt to Equity	0.43	0.46
Working Capital	$ 878,303,000	$ 708,204,000
Current ratio	2.12	1.92
Shareholders' Equity	$1,517,091,000	$1,325,781,000

INTERCO Incorporated

INTERCO Corporate Tower
101 South Hanley Road
St. Louis, Missouri 63105
(314) 863-1100

Officers: Harvey Saligman, chairman & chief exec. officer; Ronald L. Aylward, vice chairman; Harry M. Krogh, president & chief operating officer; Eugene F. Smith, sr. v.p.-finance; Stanley M. Cohen, J. Carl Powers, Charles J. Rothschild, Jr., Nathan S. Ancell, v.p.'s; Duane A. Patterson, secretary; Robert T. Hensley, Jr., treasurer; Stanley F. Huck, controller; Keith E. Mattern, general counsel & asst. secretary; James K. Pendleton, asst. secretary; William R. Withrow, asst. treasurer; Russell L. Baumann, asst. controller.

Directors: Nathan S. Ancell, Ronald L. Aylward*, Zane E. Barnes, Thomas H. O'Leary, Charles J. Rothschild, Jr., Harvey Saligman*, Stanley M. Cohen, Harry M. Krogh*, Edwin S. Jones, Donald E. Lasater* Lee M. Liberman, Marilyn S. Lewis.

* Member of the Executive Committee.

Operating Groups:

Apparel Manufacturing Group

Consists of 11 apparel companies which design, manufacture and distribute a full range of popular-priced branded and private-label sportswear, casual apparel and outer garments and headwear for men and women. Sportswear and casual apparel is produced in 151 apparel manufacturing plants and shipped to customers from 12 major distribution centers. The principal products for men include: woven and knit slacks, knit-shirts - both sport and dress, sport coats, three-piece vested casual sport suits, rainwear, golf jackets, heavy outer garments, carcoats, stadium coats, sweaters, jeans, western wear, outerwear, headwear, swimwear and walk shorts. For women: sweaters, slacks, skirts, vests, jackets, shirts, jeans, suits, dresses, pants, blouses, T-shirts, jumpers, culottes, blazers, rainwear, golf jackets, heavy outer garments, headwear, carcoats and stadium coats.

Abe Schrader Corporation
New York, New York

Big Yank Corporation
350 Fifth Avenue
New York, New York 10001
(212) 736-9393

Cowden Manufacturing Company
300 New Circle Road N.W.
Lexington, Kentucky 40501
(606) 254-6627

Campus Sportswear Company
Mack Centre Drive
Paramus, New Jersey 07652
(201) 262-9100

The Biltwell Company, Inc.
1128 Washington
St. Louis, Missouri 63103
(314) 231-3850

Devon Apparel
3300 Frankfort Avenue
Philadelphia, Pennsylvania 19134
(215) 739-2000

College-Town
College-Town Drive
Braintree, Massachusetts 02184
(617) 848-1200

International Hat Company
St. Louis, Missouri

Queen Casuals, Inc.
10175 Northeast Avenue
Philadelphia, Pennsylvania 19116
(215) 677-3000

Londontown Corporation
London Town Road
Eldersburg, Maryland 21784
(301) 795-5900

Stuffed Shirt, Inc.
1407 Broadway
New York, New York
(212) 221-0300

General Retail Merchandising Group

Operates 248 junior department stores, discount stores, men's and women's specialty apparel shops, specialty department stores and large do-it-yourself home-improvement centers in 22 states. The principal regional trading names include Benchley, Central Hardware, Carithers, Falk's ID, Fine's, Golde's, Sky City Discount Centers, Keith O'Brien, Jeans Galore, Idaho Department Stores, and United Shirt.

Central Hardware Company
St. Louis, Missouri

Idaho Department Stores
Caldwell, Idaho

Fine's Men's Shops, Inc.
1164 Azalea Garden Road
P.O. Box 749
Norfolk, Virginia 23501
(703) 857-6013

Sky City Stores, Inc.
Asheville, North Carolina

Golde's Department Stores, Inc.
9957 Manchester Road
St. Louis, Missouri 63122
(314) 968-2900

United Shirt Distributors, Inc.
1927 Michigan Avenue
Detroit, Michigan 48216
(313) 962-9895

Footwear Manufacturing and Retailing Group

Styles, manufactures and distributes primarily men's footwear in most major price categories in the United States and Canada, and manufactures and wholesales men's footwear in Australia. Facilities include 13 shoe manufacturing plants and 3 major distribution centers. The company also operates 873 retail shoe stores and leased shoe departments in 43 States in this country as well as Canada, Mexico and Australia. Major footwear and retail trading names include: Florsheim Shoe Shops for men, Florsheim Thayer McNeil Men's and Women's Shops, and Thompson, Boland & Lee. Major footwear brands for men include: Ambassador, Florsheim, Florsheim Imperial, Royal Imperial by Florsheim, Hy-Test, Julius Marlow, Rand, Winthrop, Weeds from Florsheim, Worthmore, among others; for women: Crawdads, Marshmallows, Florsheim, and Thayer McNeil, among others.

The Florsheim Shoe Company
Canal, Adams & Clinton Street
Chicago, Illinois 60606
(312) 329-7500

International Shoe Company
1509 Washington Avenue
St. Louis, Missouri 63166
(314) 342-7000

Senack Shoes, Inc.
1248 Andes Boulevard
St. Louis, Missouri 63132
(314) 997-0330

Furniture and Home Furnishings Group

Manufactures and distributes quality furniture and home furnishings under the names of Ethan Allen, Broyhill, Kling and Restocrat. There are 46 factories and 12 distribution centers and consolidated warehouses located throughout the United States. Major retail trading names include: Carriage House, Georgetown Manor, Manor House and Georgetown. Also owns and operates 16 Showcase Galleries and accessory stores.

Ethan Allen Inc.
Danbury, Connecticut

Broyhill Furniture Industries, Inc.
Lenoir, North Carolina

Manufactures a broad line of household furniture under the Broyhill name.

Transfer Agent(s):

Morgan Guaranty Trust Company
New York, New York 10249
(212) 587-6434

Mercantile Bank National Association
St. Louis, Missouri 63166
(314) 425-2755

Stock Exchange(s): New York, Midwest (common shares only)

Ticker Symbol: ISS

Number of Stores: (at fiscal year end)

	Retail Shoe Stores & Depts.	Gen'l. Retail Stores
1985	873	248
1984	863	551
1983	878	847
1982	891	869
1981	929	868

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 2,510,740	$ 92,347
1985	2,625,746	92,163
1984	2,678,886	116,194
1983	2,566,606	85,762
1982	2,673,769	118,615

	No. of Com. Shares +	Earn. per Share +
1986	15,820,000	$ 5.84
1985	16,229,000	4.45
1984	16,562,000	7.02
1983	16,429,000	5.22
1982	16,406,000	7.23

+ Based on the average number of common shares and common share equivalents outstanding fully diluted.

Revenues By Line of Business
(000's)

	1986	1985
Apparel	$ 907,833	$ 943,077
General retail	461,785	545,322
Footwear	558,286	580,467
Furniture	582,836	556,880
Total	$ 2,510,740	$ 2,625,746

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$3.08	—	—
1985	3.03	—	—
1984	2.88	—	—
1983	2.88	—	—
1982	2.88	—	—

Common Stock Equity

	Total Equity +	Equity Per Share ‡
1986	$1,045,266,000	$ 66.07
1985	991,460,000	61.09
1984	1,020,754,000	61.63
1983	932,417,000	56.75
1982	885,500,000	53.97

+ After allowing for preferred shares at stated and involuntary liquidating value.
‡ Based on the average number of common shares and common share equivalents outstanding fully diluted.

Income Account *
(000's)

Year ended	2/28/86	2/28/85
Net sales	$ 2,510,740	$ 2,625,746
Other income	32,230	31,852
Total Income	$ 2,542,970	$ 2,657,598
Cost of sales	1,725,343	1,813,934
Expenses	613,249	638,151
Interest expense	25,523	26,400
Redeployment expense	—	35,010
Income before taxes	$ 178,855	$ 144,103
Income taxes	86,508	71,940
Net Income	$ 92,347	$ 72,163

* Included in Costs and Expenses, Depreciation: $44,853,000 in 1986 and $44,643,000 in 1985.

Assets
(000's)

As of	2/28/86	2/28/85
Cash	$ 12,194	$ 12,992
Marketable securities	98,123	32,465
Accts. receiv., net	333,553	335,258
*Inventories	607,017	615,267
Prepaid expenses & other current assets	21,039	30,789
Current Assets	$ 1,073,926	$ 1,026,771
#Fixed assets	395,042	401,092
Other assets	94,872	107,378
Total Assets	$ 1,563,840	$ 1,535,241

Liabilities
(000's)

Long-term debt, curr.	$ 9,647	$ 20,889
Accts. payable & accruals	209,110	220,839
Income taxes	7,987	3,710
Curr. Liabilities	$ 226,744	$ 245,438
Long-term debt	127,409	133,311
Cap. lease oblig.	56,495	61,403
Other long-term liabilities	41,899	30,325
+ Preferred stock	66,027	73,304
+ + Common stock	119,038	117,102
Add. paid-in capital	102,380	91,496
Retained earnings	905,587	863,019
Treasury stock	(81,739)	(80,157)
Total Liabilities & Shareholders' Equity	$ 1,563,840	$ 1,535,241

* At lower of cost (FIFO) or market except footwear at LIFO.
# Less accumulated depreciation.
+ No par value; $100 stated value.
+ + $7.50 stated value.

Statistical Summary

%Income bef. Taxes to Sales	7.12	5.48
%Net Income to Sales	3.68	2.74
%Net Income to Equity	8.31	6.77
Sales to Inventories	4.12	4.26
Debt to Equity	0.17	0.20
Working Capital	$ 847,182,000	$ 781,333,000
Current Ratio	4.74	4.18
Shareholders' Equity	$1,111,293,000	$1,064,764,000

Intermark, Inc.

1020 Prospect Street, Suite 200
P.O. Box 1149
La Jolla, California 92038
(619) 459-3841

Officers: Charles R. Scott, president & chief exec. officer; Frank C. Alexander, sr. v.p. & chief financial officer; Mitchell R. Woodbury, v.p., corporate counsel & secretary; Sandra J. Fry, asst. to president & asst. secretary; Vernon A. LoForti, v.p. & controller; Render Crayton, asst. secretary & adm. mgr.

Directors: Robert A. Elliott, Gordon C. Luce, John C. Monday, Charles R. Scott, Thomas N. Warner.

Areas of Work: Intermark is a conglomerate composed of 19 California-based subsidiaries with various products including electronics, printing, medical transport, furniture and landscaping.

Selected Subsidiaries:

Dynamark, Inc. (50% owned)
1333 S. Bon View Avenue
Ontario, California 91761
(714) 947-1212

Manufactures and distributes custom wheels in the U.S. Also supplies steel and cast aluminum wheels to original equipment manufacturers.

U.S. Press, Inc.
101 West Broadway
San Diego, California 92101
(619) 234-6651

Operates four printing companies on the West Coast: Art & Crafts Press, Franklin Press, Graphic Arts Center, and Rush Press.

Munson Sporting Goods Co.
350 East Paularino Avenue
Costa Mesa, California 92626
(714) 979-0110

Wholesale distributor of athletic products to retailers in the Western United States.

Mission West Properties (50% owned)
110 Fifteenth Street
Del Mar, California 92014
(619) 481-5181

Develops and owns commercial real estate in Western U.S.

Sunbelt Nursery Group (50% owned)
500 Terminal Road
Fort Worth, Texas 76106
(817) 624-7253

Operates 109 retail garden centers through four operating companies: Nurseryland Garden Centers in Southern California, Tip Top Nursery in Arizona, Wolfe Nursery in Texas and Oklahoma, and Green Bros. Nursery in Georgia.

Pier 1 Inc. (50% owned)

Specialty retailer of imported home furnishings and related gift items, with 306 outlets in 37 states and three Canadian provinces.

Superior Trans-med
14700 South Spring Avenue
Santa Fe Springs, California 90670
(213) 921-1416

Supplies paramedical vehicles and associated medical equipment in 10 Western States.

Transfer Agent(s):

First Interstate Bank of California

Stock Exchange(s): American

Ticker Symbol: IMI

Sales and Earnings

	Revenues ‡	Net Income
1986	$ 517,242,000	$ (3,648,000)
1985	465,470,000	(1,975,000)

1984	153,224,000	7,366,000
1983	97,682,000	15,422,000
1982	71,980,000	1,449,000

	No. of Com. Shares †	Earn. per Share †
1986	5,680,000	$ —
1985	5,666,000	—
1984	5,728,000	1.29
1983	5,616,000	2.74
1982	5,697,000	0.25

(Loss)
‡ Of continuing operations only.
† Based on the weighted average number of shares outstanding adjusted to reflect stock dividend and stock splits.

Revenues By Line of Business

	1986	1985
Import retailing	$ 205,431,000	$ 173,466,000
Garden products	134,276,000	107,055,000
Automotive prods.	54,295,000	63,399,000
Graphics	82,909,000	85,318,000
Sporting goods distr	38,136,000	32,934,000
Other oper.	5,023,000	3,603,000
Eq. in inc. of unconsol. cos.	1,695,000	1,048,000
Corp.	1,168,000	4,432,000
Eliminations	—	(305,000)
Total	$ 522,933,000	$ 470,950,000

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	$0.092	10%	5-for-4
1985	0.088	—	—
1984	0.085	—	3-for-2
1983	0.076	—	—
1982	0.076	—	—

† Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 44,243,000	$ 7.77
1985	45,816,000	8.08
1984	49,388,000	8.73
1983	41,917,000	7.48
1982	26,681,000	4.78

† Based on the weighted average number of shares outstanding adjusted to reflect stock dividend and stock splits.

Income Account *
(000's)

Year ended March 31	1986	1985
Net sales	$ 517,242	$ 465,470
Eq. in. inc. of unconsl. cos.	1,695	1,048
Other income	3,996	4,432
Total Income	$ 522,933	$ 470,950
Cost of sales	317,635	294,005
Expenses	176,266	152,502
Interest expense	20,659	18,333
Income before taxes	$ 8,373	$ 6,110
Income taxes	6,950	3,666
Minority interest	5,071	4,419
Net Loss	$ (3,648)	$ (1,975)

* Included in Costs and Expenses, Depreciation and Amortization: $12,922,000 in 1986 and $9,814,000 in 1985.

Assets
(000's)

As of March 31	1986	1985
Cash & cash equiv.	$ 10,318	$ 3,250
Receiv., net	46,976	40,495
*Inventories	112,084	104,770
Prepaid expenses	7,379	10,636
Current Assets	$ 176,757	$ 159,151
#Fixed assets	77,849	65,603
Investments	45,713	46,468
Intangibles	18,791	19,335
Other assets	7,619	5,943
Total Assets	$ 326,729	$ 296,500

Liabilities
(000's)

Short-term debt	$ 20,700	$ 10,638
Long-term debt, curr.	5,864	6,232
Accts. payable	37,031	32,120
Accruals	23,434	20,256
Income taxes	1,508	—
Curr. Liabilities	$ 88,537	$ 69,246
Long-term debt	143,816	130,363
Cap. lease oblig.	7,418	6,670
Other liabilities	6,075	13,009
Minority interest	36,640	31,396
+Common stock	5,691	4,123
Add. paid-in capital	18,781	13,530
Retained earnings	19,771	28,163
Total Liabilities & Shareholders' Equity	$ 326,729	$ 296,500

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

Sales to Inventories	4.61	4.44
Debt to Equity	4.02	3.36
Working Capital	$88,220,000	$89,905,000
Current Ratio	2.00	2.30
Shareholders' Equity	$44,243,000	$45,816,000

IPCO Corporation

(formerly IPCO Hospital Supply Corporation)

1025 Westchester Avenue
White Plains, New York 10604
(914) 682-4500

Officers: Robert Savin, chairman of the board, chief exec. officer; Charles V. Linfante, president & chief financial officer; Bernard Weissman, Sidney Weinrib, D. Brody, v.p.'s; Howard M. Landa, v.p., general counsel & secretary.

Directors: Robert S. Savin, chairman; Walter J. Brotherton, I.W. Burnham, II, Max M. Low, Robert K. Low, Charles V. Linfante, Herbert L. Rosedale, June S. Rothberg, Howard M. Landa, Jack R. Wentworth.

Business Activities: Manufactures and distributes health care and related products. Retail activities include the operation of Uniforms by Gilson stores with outlets specializing in uniforms for waitresses and nurses. Also operates Sterling Optical which retails optical products such as glasses and contact lenses.

Divisions and Subsidiaries:

Medical Group

Community Blood & Plasma Service
1618 Third Avenue North
Birmingham, Alabama 35203
(205) 251-5179
Operates blood donor centers.

Whitestone Products
40 Turner Place
Piscataway, New Jersey 08854
(201) 752-2700
Manufactures non-woven and a variety of paper disposable products.

Uniforms by Gilson
2710 Hempstead Turnpike
Levittown, New York 11756
(516) 735-2600
Operates a chain of retail stores concentrated in the Greater New York Area.

Dental Group

Whaledent International
236 Fifth Avenue
New York, New York 10001
(212) 481-6370
Overseas representative of American-made dental products.

Dental Prosthetics Division
1025 Westchester Avenue
White Plains, New York 10604
(914) 682-4500
Operates individual dental laboratories in the United States and Canada.

Sterling Dental Centers
1025 Westchester Avenue
White Plains, New York 10604
(914) 682-4570
Builds and equips dental centers which are then leased to private dental corporations.

Optical Group

Sterling Optical
357 Crossways Park Drive
Woodbury, New York
(516) 364-2600
Operates a chain of retail optical centers in the United States and Canada.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10015

Stock Exchange(s): New York, Pacific

Ticker Symbol: IHS

Number of Retail Centers: (at fiscal year end)

	Optical	Uniform Shops
1985	176	43
1984	155	43
1983	129	34
1982	120	34
1981	110	28

Sales and Earnings

	Net Sales +	Net Income #
1985	$ 210,849,000	$ 4,858,000
1984	193,048,000	6,702,000
1983	170,676,000	6,511,000
1982	147,778,000	5,576,000
1981	136,285,000	4,787,000

	No. of Com. Shares ‡	Earn. per Share ‡#
1985	5,276,325	$ 0.92
1984	5,531,548	1.21
1983	5,431,265	1.20
1982	5,190,001	1.07
1981	5,178,161	0.92

# Including extraordinary gains of $300,000 ($0.05 per share) in 1984, $1,043,000 ($0.19 per share) in 1983, of $2,430,000 ($0.47 per share) in 1982 and $2,433,000 ($0.47 per share) in 1981.
‡ Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1985	1984
Medical	$ 94,090,000	$ 85,205,000
Dental	38,952,000	39,033,000
Optical	77,807,000	68,810,000
Total	$ 210,849,000	$ 193,048,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 62,437,000	$ 11.83
1984	61,211,000	11.07
1983	56,236,000	10.35
1982	49,475,000	9.53
1981	44,935,000	8.68

‡ Based on the average number of common shares and common share equavlints outstanding.

Income Account *

Year ended June 30	1985	1984
Net sales	$ 210,849,000	$ 193,048,000
Cost of sales	115,140,000	104,254,000
Expenses	86,491,000	75,944,000
Other income	(1,155,000)	(781,000)
Interest expense	2,277,000	1,431,000
Income before taxes	$ 8,096,000	$ 12,200,000
Income taxes	3,238,000	5,798,000
Net Income	$ 4,858,000	$ 6,402,000
Extraord. gain	—	300,000
Net Income & extraord. gain	$ 4,858,000	$ 6,702,000

* Included in Costs and Expenses, Depreciation and Amortization: $6,211,000 in 1985 and $4,946,000 in 1984.

Assets

As of June 30	1985	1984
Cash	$ 5,901,000	$ 3,961,000
Accts. receiv., net	18,520,000	17,446,000
*Inventories	27,523,000	30,363,000
Prepaid expenses & other current assets	1,776,000	2,026,000
Current Assets	$ 53,720,000	$ 53,796,000
#Fixed assets	52,573,000	45,508,000
Other assets	1,411,000	1,805,000
Defer. charges	1,267,000	1,256,000
Intangibles	5,828,000	5,719,000
Total Assets	$ 114,799,000	$ 108,084,000

Liabilities

	1985	1984
Long-term debt, curr.	$ 1,981,000	$ 2,085,000
Notes payable	—	3,500,000
Accts. payable	11,906,000	11,148,000
Accruals	4,103,000	5,197,000
Income taxes	315,000	65,000
Other current liabilities	6,031,000	6,455,000
Curr. Liabilities	$ 24,336,000	$ 28,450,000
Long-term debt	23,814,000	14,846,000
Deferred inc. taxes	2,836,000	2,152,000
Other liabilities	1,376,000	1,425,000
+Common stock	5,463,000	5,462,000
Add. paid-in capital	12,627,000	12,670,000
Retained earnings	46,658,000	43,586,000
Treasury stock	(2,311,000)	(507,000)
Total Liabilities & Shareholders' Equity	$ 114,799,000	$ 108,084,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.84	6.32
%Net Income to Sales	2.30	3.32
%Net Income to Equity	7.78	10.46
Sales to Inventories	7.66	6.36
Debt to Equity	0.41	0.33
Working Capital	$29,384,000	$25,346,000
Current Ratio	2.21	1.89
Shareholders' Equity	$62,437,000	$61,211,000

Jack Eckerd Corporation

(On April 30, 1986, the Company completed a leveraged buyout, thus becoming a privately owned corporation.)

8333 Bryan Dairy Road
P.O. Box 4689
Clearwater, Florida 33518
(813) 397-7461

Officers: Stewart Turley, chairman of the board & president; John W. Boyle, sr. v.p.-finance & administration; Michael Zagorac, Jr., v.p.-public affairs; Jackie Kishany, secretary; Richard W. Roberson, v.p. & controller; James M. Santo, v.p.-corp. counsel.

Directors: Stewart Turley*, James M. Roche, Jack Eckerd*, Jere W. Thompson, Norman Stallings*, Kenneth F. Finger, Edward M. O'Herron, Jr.*, Robin B. Smith, John W. Boyle, Walter Y. Elisha.

* Member of the Executive Committee.

Business Activities: Operates a chain of Eckerd Drug Stores and a chain of Eckerd Optical centers, Visionworks and Eckerd Med-Care stores. The drug stores are located in Texas, Florida, Louisiana, Mississippi, Georgia, Delaware, Alabama, North Carolina, South Carolina, Tennessee, Virginia, New Jersey, Maryland, West Virginia and Oklahoma and sell prescription and proprietary drugs, cosmetics, toiletries, cameras, film and household appliances. Eckerd Optical centers are located in five Southeastern states and offer complete optical dispensing services. Visionworks stores are located in Florida and North Carolina and provide optical products and care. Eckerd Med-Care operates seven health-care stores in the Tampa, Florida area.

Divisions and Subsidiaries:

Eckerd Drug Company
Clearwater, Florida 33518
Operates a chain of 1,525 drug stores in 15 states.

Eckerd Optical
Clearwater, Florida

Visionworks
Clearwater, Florida

Eckerd Med-Care
Clearwater, Florida

Number of Stores: (at fiscal year end)

	Drug Stores	Optical Centers	Health Care	Apparel Shops	Video Stores
1985	1,525	156	7	—	—
1984	1,423	152	3	98	198
1983	1,319	157	2	94	179
1982	1,238	157	—	87	163
1981	1,135	160	—	83	106

Sales and Earnings

	Net Sales ‡	Net Income
1985	$2,508,533,000	$ (8,325,000)
1984	2,212,672,000	85,374,000
1983	1,974,936,000	71,731,000
1982	1,788,[illegible]92,000	70,681,000
1981	1,579,6[illegible]1,000	78,509,973

	No. of Com Shares †	Earn per Share +
1985	35,855,369	$ —
1984	37,567,490	2.27
1983	37,461,475	1.91
1982	37,325,488	1.90
1981	35,757,964	2.19

(Loss)
‡ Including operating revenues; of continuing operations only.
† Adjusted to reflect stock split.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$1.02	—	—
1984	0.98	—	—
1983	0.95	—	—
1982	0.89	—	—
1981	0.765	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1985	$ 519,550,000	$ 14.49
1984	618,812,000	16.47
1983	568,292,000	15.17
1982	529,742,000	14.19
1981	466,061,850	13.03

+ Adjusted to reflect stock split.

Income Account *

Year ended	8/3/85	7/28/84
Net sales & oper. revenues	$2,508,533,000	$2,212,672,000
Cost of sales	1,814,345,000	1,553,696,000
Expenses	562,897,000	489,680,000
Interest expense	27,588,000	16,235,000
Income before taxes	$ 103,703,000	$ 153,061,000
Income taxes	45,330,000	69,336,000
Inc. - cont. oper.	$ 58,373,000	$ 83,725,000
Inc. (loss) - discont. oper.	(66,698,000)	1,649,000
Net Income (Loss)	$ (8,325,000)	$ 85,374,000

* Included in Costs and Expenses, Depreciation: $32,020,000 in 1985 and $27,035,000 in 1984.

Assets

As of	8/3/85	7/28/84
Cash & short-term invest.	$ 13,663,000	$ 21,500,000
Receiv. net	28,520,000	94,250,000
*Inventories	498,029,000	586,347,000
Prepaid expenses	3,537,000	9,093,000
Refund. inc. taxes	128,386,000	—
Net assets - discont. oper.	47,953,000	—
Current Assets	$ 720,088,000	$ 711,190,000
#Fixed assets	265,302,000	308,590,000
Other assets & defer. charges	56,019,000	12,275,000
Intangibles	18,238,000	59,637,000
Net assets - discont. oper.	29,013,000	—
Total Assets	$1,088,660,000	$1,091,692,000

Liabilities

	8/3/85	7/28/84
Long-term debt, curr.	$ 390,000	$ 1,489,000
Notes payable	234,672,000	97,971,000
Accts. payable	148,984,000	163,695,000
Accruals	63,586,000	66,178,000
Income taxes	4,172,000	17,214,000
Defer. inc. taxes	—	11,667,000
Curr. Liabilities	$ 451,804,000	$ 358,214,000
Long-term debt	94,593,000	94,843,000
Deferred inc. taxes	22,713,000	19,823,000
+Common stock	3,586,000	3,757,000
Add. paid-in capital	108,206,000	110,867,000
Retained earnings	407,758,000	504,188,000
Total Liabilities & Shareholders' Equity	$1,088,660,000	$1,091,692,000

* At LIFO.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.13	5.89
%Net Income to Sales	—	3.26
%Net Income to Equity	—	13.80
Debt to Equity	0.63	0.31
Working Capital	$268,284,000	$352,976,000

Current Ratio	1.59	1.99
Shareholders' Equity	$519,550,000	$618,812,000

Jacobson Stores Inc.

1200 North West Avenue
Jackson, Michigan 49202
(517) 787-3600

Officers: J.R. Fowler, chairman of the board & chief executive officer; Mark K. Rosenfeld, president; Nathan Forman, sr. v.p.-apparel merchandising; Wayne C. Gardner, v.p.-personnel; Paul W. Gilbert, sr. v.p. & chief financial officer; John F. Rickerby, sr. v.p.-stores; Donald Hathaway, v.p.-store group mgr.; Alan J. Herman, v.p.-electronic data processing; Keith K. Houck, v.p.-store planning; George E. McGlinnen, v.p.-home furnishings merchandising; Robert L. Moles, v.p.-operations; Paul T. Machtel, v.p. & store group manager; Irma J. Nicholson, v.p.-sales promotion; Floyd H. Pond, v.p. & store group manager; Joseph Fisher, v.p. & gen. mdse. mgr.; Alan M. Mandel, v.p. & store group mgr.; Timothy J. Spalding, controller; Robert L. Emmet, James B. Fowler, Louis M. Landman, Mary Lowey, Kay Todd, v.p.'s & divisional merchandise managers; Richard Z. Rosenfeld, secretary; Robert M. Eaton, v.p. & treasurer; Frank W. Hones, asst. treasurer & asst. secretary.

Directors: J.R. Fowler*, chairman; Herbert S. Amster, Frank Couzens, Jr., Raymond C. Fitzgerald, Edwin I. Goldring, Richard Z. Rosenfeld*, Robert L. Rosenfeld, Mark K. Rosenfeld*, Herman S. Kohlmeyer, Jr., Travis W. Pearse, Patricia Shontz Longe

* Member of the Executive Committee.

Business Activities: Owns and operates apparel and home furnishings stores in Michigan, Ohio and Florida.

Subsidiaries:

Jacobson Credit Corp.
1200 North West Avenue
Jackson, Michigan 49202
(517) 787-3600

Jacobson Stores Realty Company
1200 North West Avenue
Jackson, Michigan 49202
(517) 787-3600

Transfer Agent(s):

Manufacturers National Bank of Detroit
Detroit, Michigan

Stock Exchange(s): Over-the-Counter

Ticker Symbol: JCBS (NASDAQ)

Number of Stores: (at fiscal year end)

1985	20	1982	17
1984	20	1981	17
1983	19		

Sales and Earnings

	Net Sales †	Net Income
1985	$ 275,038,000	$ 9,657,000
1984	240,689,000	5,431,000
1983	213,048,000	4,355,000
1982*	189,277,000	1,759,000
1981	175,660,000	1,377,000

	No. of Com. Shares #	Earn. per Share #
1985	3,575,3[illegible]2	$ 2.70
1984	3,234,6[illegible]0	1.68
1983	3,122,058	1.39
1982*	2,913,498	0.59
1981	2,901,498	0.46

* 53 weeks.
† Including leased departments.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.31⅓	—	3-for-2
1984	0.26⅔	—	2-for-1
1983	0.19⅙	—	—
1982	0.16⅔	—	—
1981	0.15⅙	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 46,439,000	$ 12.99
1984	35,662,000	11.03
1983	30,742,000‡	9.85
1982	24,950,000‡	8.56
1981	23,675,000	8.16

‡ After allowing for preferred stock at par value.

Income Account *
(000's)

Year ended	1/25/86	1/26/85
Net sales	$ 275,038	$ 240,689
Cost of sales	161,929	143,068
General & administrative expenses	91,295	81,185
Interest expense	6,841	6,855
Gain on sale of prop.	(1,124)	—
Income before taxes	$ 16,097	$ 9,581
Income taxes	6,440	4,150
Net Income	$ 9,657	$ 5,431

* Included in Costs and Expenses, Depreciation and Amortization: $4,671,000 in 1985 and $4,259,000 in 1984.

Assets
(000's)

As of	1/25/86	1/26/85
Cash	$ 5,984	$ 3,463
Receiv., net	33,324	27,239
*Inventories	50,242	42,081
Prepaid expenses & other assets	2,203	1,027
Current Assets	$ 91,753	$ 73,810
#Fixed assets	47,262	47,426
Restricted funds	18,459	—
Eq. in fin. subsid.	5,909	5,488
Other assets	3,034	3,253
Total Assets	$ 166,417	$ 129,977

Liabilities
(000's)

Long-term debt, curr.	$ 3,821	$ 3,175
Accts. payable	19,177	16,930
Accruals	11,495	10,112
Income taxes	3,290	2,012
Def. inc. taxes	5,317	4,684
Curr. Liabilities	$ 43,100	$ 36,913
Long-term debt	67,970	49,111
Deferred inc. taxes	2,377	2,123
Advances	5,771	5,498
Other liabilities	760	670
+Common stock	3,620	2,244
Add. paid-in capital	6,026	5,385
Retained earnings	37,192	28,599
Treasury stock	(399)	(566)
Total Liabilities & Shareholders' Equity	$ 166,417	$ 129,977

* At cost (LIFO) using retail inventory method.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.85	3.98
%Net Income to Sales	3.51	2.26
%Net Income to Equity	20.80	15.23
Sales to Inventories	5.47	5.72
Debt to Equity	1.55	1.47
Working Capital	$48,653,000	$36,897,000
Current Ratio	2.13	2.00
Shareholders' Equity	$46,439,000	$35,662,000

Jamesway Corporation

40 Hartz Way
Secaucus, New Jersey 07094
(201) 330-6000

Officers: Herbert Fisher, chairman & chief executive officer; Arlie G. Lazarus, president & chief operating officer; Joseph Radecki, sr. v.p.-store operations; Barry Reckland, sr. v.p.-finance; John Stanhope, sr. v.p.-distribution; Eric Zorn, sr. v.p.-administration; Angelo Bianco, v.p.-merchandising; Thomas Draves, v.p.-merchandising; Gerald R. Fitzgerald, v.p.-personnel; Murray Kaplan, v.p.-advertising; Thomas Kiley, first v.p. & gen. mdse. mgr.-hardgoods; Andrew D. Loconti, v.p.-real estate, David Owens, v.p.-management information systems; Alfred Petrillo, v.p.-store planning & construction; Kevin Regan, sr. v.p.-finance & treasurer; Victor Scire, v.p.-sales promotion; Kenneth Simon, v.p.-new store development; Monroe J. Simon, v.p.-human resources; Howard J. Blaugrund, secretary ; Joseph Ettore, first v.p. & gen. mdse. mgr.-softlines; Gary Boetes, v.p.-merchandising; Ralph Saltz, v.p.-legal, real estate; Joseph Piserchia, v.p.-inventory control; Arnold Dunn, treasurer; Gary Kauffman, controller; Lawrence Fine, Barbara Gottlieb, Leonard Pofsky, J.R. Shatley, v.p.'s-merchandising.

Directors: Herbert Fisher*, chairman; Howard J. Blaugrund, Lee M. Bronster*, Kenneth Kwit, Arlie G. Lazarus*, Andrew D. Loconti*, Robert S. Bargar, Mortimer Steinberg, Brendan Byrne, Abraham Temkin, Howard Cord, Floyd Hall.

* Member of the Executive Committee.

Business Activities: Operates a chain of discount department stores in New Jersey, New York, Pennsylvania, Virginia, Delaware and Maryland.

Subsidiaries:

Horizon Advertising Agency, Inc.

Route 197 Realty Co.

Omnia Protective Services, Inc.

Hardware Distributors, Inc.

J.M.Y. Portraits Inc.

all at:

40 Hartz Way
Secaucus, New Jersey 07094
(201) 348-8200

Transfer Agent(s):

Midlantic National Bank
Metro Park Plaza
P.O. Box 600
Edison, New Jersey 08818

Stock Exchange(s): New York

Ticker Symbol: JMY

Number of Stores: (at fiscal year end)

1985	91	1982	68
1984	85	1981	64
1983	78		

Sales and Earnings

	Net Sales	Net Income
1985	$ 523,146,000	$ 9,252,000
1984*	475,406,000	13,264,000
1983	416,773,000	11,509,000
1982	332,513,000	6,753,000
1981	296,165,000	4,215,000

Jamesway Corporation

	No. of Com. Shares	Earn. per Share ‡
1985	6,873,023	$ 1.31
1984*	6,766,402	2.18
1983	5,612 284	2.00
1982	5,462,346	1.24
1981	5,298,044	0.77

* 53 weeks.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.12	—	—
1984	0.10	—	—
1983	0.09	—	—
1982	0.06	—	—
1981	0.06	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 97,314,000	$ 14.16
1984	88,370,000	13.06
1983	63,497,000	11.31
1982	50,871,000	9.31
1981	43,595,000	8.23

Income Account
(000's)

Year ended	2/1/86	2/2/85 (53 weeks)
Net sales	$ 523,146	$ 475,406
Other income	8,050	6,422
Total Income	$ 531,196	$ 481,828
Cost of sales	366,301	327,766
Expenses	136,613	119,004
Depreciation & amortization	7,700	6,445
Interest expense	4,962	3,960
Income before taxes	$ 15,620	$ 24,653
Income taxes	6,368	11,389
Net Income	$ 9,252	$ 13,264

Assets
(000's)

As of	2/1/86	2/2/85
Cash & cash equip.	$ 10,273	$ 9,779
Receiv., net	3,956	3,353
*Inventories	116,030	101,927
Prepaid expenses & other curr. assets	5,723	4,450
Current Assets	$ 135,982	$ 119,509
#Fixed assets	55,255	45,486
Leased prop. under cap. leases	12,685	7,818
Other assets	4,369	5,418
Total Assets	$ 208,291	$ 178,231

Liabilities
(000's)

Long-term debt, curr.	$ 1,848	$ 1,823
Cap. lease oblig., curr.	687	403
Accts. payable	30,138	26,665
Accruals	8,516	8,917
Income & other taxes	4,224	7,901
Curr. Liabilities	$ 45,413	$ 45,709
Long-term debt	16,088	27,307
Deferred inc. taxes	10,456	7,499
Cap. lease oblig.	14,020	9,346
Conv. subord. debt	25,000	—
+ Common stock	7,433	7,321
Add. paid-in capital	22,446	21,791
Retained earnings	70,871	62,436
Treasury stock	(3,436)	(3,178)
Total Liabilities & Shareholders' Equity	$ 208,291	$ 178,231

* At lower of average cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.99	5.19
%Net Income to Sales	1.77	2.79
%Net Income to Equity	9.51	15.01
Sales to Inventories	4.51	4.66
Debt to Equity	0.34	0.44
Working Capital	$90,569,000	$73,800,000
Current Ratio	2.99	2.61
Shareholders' Equity	$97,314,000	$88,370,000

Jetronic Industries, Inc.

Main and Cotton Streets
Philadelphia, Pennsylvania 19127
(215) 482-7660

Officers: Daniel R. Kursman, chairman of the board, president & treasurer; Jerome I. Kursman, v.p. & secretary; Garth E. Bower, group v.p.; Leonard W. Pietrzak, v.p.-finance; Marvin Levin, v.p.-retailing; Peter S. Kurseman, v.p.

Directors: Daniel R. Kursman, chairman; Jerome I. Kursman, Garth E. Bower, Herbert Myers, Les Vizak, Marvin Levin, William L. Weiss, Peter Kursman, David Silverman.

Business Activities: Operates furniture and appliance stores in Greater Philadelphia under the name of "Levin's." Also operates "Bond Radio Stores" in Reading, Pennsylvania, and "MMOS" stores, which retail marine merchandise in Ontario; British Columbia; Arlington Heights, Illinois; and Dearborn, Michigan. Other activities include: design and manufacture of electronic communication and navigation systems. The company also produces narrow tapes, shock cord, industrial straps, and related items.

Retail Divisions and Subsidiaries:

Harry Levin, Inc.
Engaged in the retail sale and servicing of furniture, appliances, home furnishings and related items in Pennsylvania and New Jersey locations.

Marine Mail Order Supply, Inc. (MMOS) (75% owned)
Engaged in the retail sale of marine accessories throughout Canada and in the U.S. Great Lakes area.

Transfer Agent(s):

Continental Stock Transfer Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: JET

Number of Stores: (at fiscal year end)

1985	14	1982	5
1984	17	1981	5
1983	9		

Sales and Earnings

	Revenues (000's)	Net Income † (000's)
1986	$ 51,273	$ 1,510
1985	40,817	1,091
1984	36,468	641
1983	32,942	690
1982	30,793	(642)

	No. of Com. Shares ‡	Earn. per Share ‡ †
1986	2,227,000	$ 0.68
1985	2,227,000	0.50
1984	2,020,000	0.31
1983	1,978,000	0.35
1982	1,808,000	—

(Loss)
† Including extraordinary gains of $10,000 in 1985, $280,000 ($0.14 per share) in 1983, and extraordinary loss of $86,000 in 1986.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues By Line of Business
(000's)

	1986	1985
Jetronic:		
Electronic communication & navigation equipment	$ 20,325	$ 9,717
Circuit boards & instrumentation systems	6,334	7,081
The Levin Group:		
Retail furniture & appliances	18,775	18,329
Narrow fabrics & tapes	5,839	5,690
Total	$ 51,273	$ 40,817

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	10%	—
1985	—	10%	—
1984	—	10%	—

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 11,298,000	$ 5.06
1985	9,598,000	4.61
1984	8,227,000	4.07
1983	7,509,000	3.78
1982	6,819,300	3.45

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account *

Year ended Jan. 31	1986	1985
Net sales	$ 50,203,000	$ 39,624,000
Other income	1,070,000	1,193,000
Total income	$ 51,273,000	$ 40,817,000
Cost of sales	33,446,000	26,194,000
Expenses	13,494,000	10,910,000
Interest expense	1,433,000	1,503,000
Income before taxes	$ 2,900,000	$ 2,210,000
Income taxes	1,304,000	1,129,000
Net Income	$ 1,596,000	$ 1,081,000
Extraord. item	(86,000)	10,000
Net Incme & extraord. item	$ 1,510,000	$ 1,091,000

* Included in Costs and Expenses, Depreciation and Amortization: $464,000 in 1986 and $395,000 in 1985.

Assets

As of Jan. 31	1986	1985
Cash	$ 1,603,000	$ 933,000
Accts. receiv., net	12,738,000	11,924,000
*Inventories	12,801,000	11,999,000
Prepaid expenses	1,361,000	781,000
Current Assets	$ 28,503,000	$ 25,637,000
#Fixed assets	2,153,000	2,132,000
Goodwill	1,384,000	1,628,000
Other assets	297,000	397,000
Total Assets	$ 32,337,000	$ 29,794,000

Liabilities

Notes payable	$ 9,694,000	$ 9,589,000
Long-term debt, curr.	531,000	548,000
Accts. payable	1,556,000	1,809,000
Accrued payroll	513,000	553,000
Other accruals	3,902,000	3,210,000

Def. inc. taxes	764,000	509,000
Curr. Liabilities	$ 16,960,000	$ 16,218,000
Long-term debt	3,901,000	3,886,000
Minority interest	178,000	92,000
+Common stock	223,000	203,000
Add. paid-in capital	7,715,000	5,849,000
Cum. trans. adj.	(101,000)	—
Retained earnings	3,769,000	3,854,000
Treasury stock	(308,000)	(308,000)
Total Liabilities & Shareholders' Equity	$ 32,337,000	$ 29,794,000

* At lower of cost (LIFO) or market: inventories of narrow fabrics and tape stated at FIFO.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.78	5.58
%Net Income to Sales	3.18	2.75
%Net Income to Equity	14.13	11.37
Sales to Inventories	3.92	3.30
Debt to Equity	1.25	1.46
Working Capital	$11,543,000	$9,419,000
Current Ratio	1.68	1.58
Shareholders' Equity	$11,298,000	$9,598,000

Jewelcor Incorporated

72 North Franklin Street
Wilkes-Barre, Pennsylvania 18773
(717) 824-8761

Officers: Seymour Holtzman, president & chief exec. officer; Frank P. Cuscela, chairman of the board & chief operating officer; Joseph F. Litchman, sr. v.p., chief financial officer & secretary; Raymond Perlman, sr. v.p.-jewelry division; Earl Zimbler, v.p.-marketing; Leonard A. Walker, v.p.-real estate & facilities.

Directors: Irving M. Bason, Fletcher C. Booker, Jr., Barry C. Boyer, Frank P. Cuscela, Seymour Holtzman, Jerome Goldstein, Joseph F. Litchman, Eugene Roth, Joseph J. Stuccio.

Business Activities: Sells jewelry and general merchandise at catalog showrooms, and publishes merchandise catalogs; distributes name-brand watches, engages in high-speed commercial printing and related activities in the graphic arts, and operates a family restaurant entertainment center.

Subsidiaries:

Gruen Marketing Corporation
Sells watches at wholesale to retail chain and department stores.

Suburban Publishers
Exeter, Pennsylvania
Graphic arts, printing and binding.

S.A. Peck & Co.
Chicago, Illinois
Engaged in the showroom and mail order catalog sale of jewelry.

Robert M. Glass Co.
Los Angeles, California
Operates jewelry catalog showrooms and mail order.

Jewelcor Merchandising Company
Wilkes-Barre, Pennsylvania
Publishes an annual full color jewelry and merchandise catalog and various promotional flyers for use by the Company's and independent showroom operators.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): New York

Ticker Symbol: JC

Number of Retail Stores: (at fiscal year end)

1985	23	1982	23
1984	23	1981	26
1983	24		

Sales and Earnings

	Net Sales +	Net Income
1985	$ 251,815,000	$ 3,055,000
1984	229,376,000	1,318,000
1983	195,735,000	1,255,000
1982	182,092,000	51,000
1981	165,315,000	471,000

	No. of Com. Shares †	Earn. per Share †
1985	2,341,021	$ 1.30
1984	2,722,795	0.48
1983	2,858,376	0.44
1982	2,858,159	0.02
1981	2,854,595	0.17

+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1985	1984
Catalogue	$ 123,229,000	$ 128,265,000
Watches	105,495,000	72,843,000
Graphic Arts	21,465,000	25,295,000
Family restaurant entertainment	1,626,000	2,973,000
Total	$ 251,815,000	$ 229,376,000

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 37,084,000	$ 17.40
1984	39,266,000	15.30
1983	39,755,000	14.15
1982	38,806,000	13.61
1981	38,755,000	13.5[illegible]

Income Account
(000's)

Year ended Jan. 31	1986	1985
Net sales	$ 251,815	$ 229,376
Cost of sales	192,014	174,814
Expenses	42,753	40,608
Depreciation & amortization	3,422	3,866
Prov. for shutdown of facil.	786	2,559
Interest expense	5,793	4,468
Minority interest in joint venture	878	—
Income before taxes	$ 6,169	$ 3,061
Income taxes	3,114	1,743
Net Income	$ 3,055	$ 1,318

Assets
(000's)

As of Jan. 31	1986	1985
Cash	$ 6,772	$ 2,271
Accts. receiv., net	18,653	16,175
*Inventories	82,944	67,913
Prepaid expenses	3,658	2,397
Deferred inc. taxes	631	278
Current Assets	$ 112,658	89,034
#Fixed assets	29,615	30,955
Other assets	3,968	1,544
Intangibles	1,625	—
Total Assets	$ 147,866	$ 121,533

Liabilities
(000's)

Long-term debt, curr.	$ 2,009	$ 1,787
Oblig. under cap. leases, curr.	559	486
Banker's acceptances	32,625	—
Trade payables	37,958	46,103
Accruals	8,692	7,271
Income taxes payable	1,639	2,717
Curr. Liabilities	$ 83,482	$ 58,364
Long-term debt	17,276	16,781
Negative goodwill	—	615
Oblig. under cap. leases	3,693	4,389
Deferred inc. taxes	3,406	2,118
Deferred income	1,925	—
Minority interest	1,000	—
+Common stock	148	148
Add. paid-in capital	19,828	19,828
Retained earnings	24,718	21,769
Treasury stock	(7,610)	(2,479)
Total Liabilities & Shareholders' Equity	$ 147,866	$ 121,533

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.45	1.33
%Net Income to Sales	1.81	0.57
%Net Income to Equity	8.24	3.36
Sales to Inventories	3.04	3.38
Debt to Equity	0.63	0.60
Working Capital	$29,176,000	$30,670,000
Current Ratio	1.35	1.53
Shareholders' Equity	$27,084,000	$39,266,000

Judy's Inc.

7710 Haskell Avenue
Van Nuys, California 91406
(818) 787-0300

Officers: Lawrence Israel, chairman of the board & treasurer; Marcia Israel, president & chief executive officer; Betty Gourley, v.p.-Judy's Own Label; Ben Sumner, v.p.-finance/operations & secretary; Ronald Goldstein, v.p.-operations; Irene Satz, v.p.-fashion direction; Andrew Asch, v.p.-merchandising.

Directors: Lawrence Israel, chairman; Marcia Israel, Preston Kline, Ben Sumner, Herbert Kern, Jack D. Steele.

Business Activities: Operates a chain of retail apparel stores designed to appeal to young men and women. Also operates 19 separate men's apparel stores under the name G.Hq. These stores are located in California, Nevada, Texas, Arizona and New Mexico.

Transfer Agent(s):

Bank of America
National Trust & Savings Association
P.O. Box 37002
San Francisco, California 94137

Stock Exchange(s): Over-the-Counter

Ticker Symbol: JUDY (NASDAQ)

Number of Stores: (at fiscal year end)

1985	85	1982	72
1984	78	1981	61
1983	74		

Sales and Earnings

	Net Sales	Net Income
1985	$ 50,493,000	$ 1,017,000
1984	46,667,000	1,525,000
1983	39,593,000	(381,000)
1982	49,571,000	725,000
1981	41,843,000	1,341,000

	No. of Com. Shares ‡	Earn. per Share ‡
1985	2,259,000	$ 0.45
1984	2,256,000	0.68
1983	2,242,000	—
1982	2,237,000	0.32
1981	2,237,000	0.60

(Loss)
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.12	—	—
1984	0.12	—	—
1983	0.12	—	—
1982	0.12	—	—
1981	0.08	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 15,247,000	$ 6.75
1984	14,501,000	6.43
1983	13,176,000	5.88
1982	13,824,000	6.18
1981	13,359,000	5.97

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended Jan. 31	1985	1984
Net sales	$ 50,493,000	$ 46,667,000
Cost of sales	34,296,000	30,695,000
Expenses	14,323,000	13,041,000
Interest expense	48,000	52,000
Income bef. taxes	$ 1,826,000	$ 2,879,000
Income taxes	809,000	1,354,000
Net Income	$ 1,017,000	$ 1,525,000

* Included in Costs and Expenses, Depreciation and Amortization $1,237,000 in 1985 and $1,156,000 in 1984.

Assets

As of Jan. 31	1985	1984
Cash	$ 42,000	$ 1,671,000
Cash in trust	1,109,000	1,000,000
Accts. receiv., net	271,000	365,000
*Inventories	8,731,000	6,717,000
Prepaid expenses	603,000	331,000
Current Assets	$ 10,756,000	$ 10,084,000
#Fixed assets	9,206,000	7,958,000
Other assets	2,275,000	2,271,000
Total Assets	$ 22,237,000	$ 20,313,000

Liabilities

	1985	1984
Payable to bank	$ 400,000	$ —
Long-term debt, curr.	26,000	24,000
Acct. payable	3,266,000	2,575,000
Dividends pay.	68,000	68,000
Accruals	1,137,000	966,000
Inc. taxes	272,000	569,000
Curr. Liabilities	$ 5,169,000	$ 4,202,000
Long-term debt	562,000	588,000
Deferred inc. taxes	1,259,000	1,022,000
+Common stock	1,130,000	1,130,000
Add. paid-in capital	2,961,000	2,961,000
Retained earnings	11,156,000	10,410,000
Total Liabilities & Shareholders' Equity	$ 22,237,000	$ 20,313,000

*At lower of cost (FIFO) or market, determined by the retail inventory method.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

	1985	1984
%Income bef. Taxes to Sales	3.62	6.17
%Net Income to Sales	2.01	3.27
%Net Income to Equity	6.67	10.52
Sales to Inventories	5.78	6.95
Working Capital	$ 5,587,000	$ 5,882,000
Current Ratio	2.08	2.40
Shareholders' Equity	$15,247,000	$14,501,000

Jurgensen's

474 South Raymond
Pasadena, California 91109
(213) 795-4291

Officers: Harold S. Jurgensen, chairman and president; Paul D. Neumeyer, v.p. & chief financial officer; William H. Richards, secretary.

Directors: Harold S. Jurgensen, chairman; John Maechling, George Fry, Jr., Stanley Hahn, William H. Richards, Paul D. Neumeyer, Elmer G. Sammann, Robert W. Jurgensen.

Business Activities: Operates a chain of premium quality, full service food and beverage stores in California, selling typical market merchandise as well as wines, imported and domestic delicacies, gifts and accessories.

Transfer Agent(s):

First Interstate Bank
Los Angeles, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: JURG (NASDAQ)

Number of Stores: (at fiscal year end)

1985	11	1982	12
1984	11	1981	12
1983	11		

Sales and Earnings

	Net Sales	Net Income #
1985	$ 12,341,802	$ (246,224)
1984	12,986,692	(397,124)
1983	13,449,570	(171,983)
1982	14,768,798	157,305
1981	14,883,966	234,493

	No. of Com. Shares	Earn. per Share ‡ #
1985	365,476	$ —
1984	365,476	—
1983	365,476	—
1982	365,476	0.34
1981	396,790	0.52

(Loss)
‡ Based on the weighted average number of shares outstanding.
# Including extraordinary loss of $2,565 ($0.01 per share) in 1983 and extraordinary gain of $38,233 ($0.10 per share) in 1982.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$ —	—	—
1984	—	—	—
1983	0.10	—	—
1982	0.20	—	—
1981	0.20	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1985	$ 2,276,666	$ 6.23
1984	2,545,261	6.96
1983	2,965,766	8.11
1982	3,198,730	8.75
1981	3,208,481	8.09

‡ After allowing for preferred stock at par value of $25 per share.

Income Account *

Year ended June 30	1985	1984
Net sales	$ 12,341,802	$ 12,986,692
Cost of sales	6,119,972	6,321,789
Expenses	6,350,932	6,999,115
Opr. loss	$ (129,102)	$ (334,212)
Interest expense	200,146	188,290
Interest income	(20,941)	(20,931)
Misc. exp.	14,517	1,080
Misc. gains	(1,450)	(6,405)
Gain on sale	(60,397)	—
Loss	$ (260,987)	$ (496,246)
Tax credit	(14,763)	(99,122)
Net Loss	$ (246,224)	$ (397,124)

* Included in Cost and Expenses, Depreciation: $206,105 in 1985 and $220,276 in 1984.

Assets

As of June 30	1985	1984
Cash	$ 118,009	$ 46,223
Accts. receiv., net	620,188	655,544
Tax refund	632	91,213
Notes receiv., & advances	5,455	20,449
*Inventories	2,520,498	2,648,375
Prepaid expenses	122,858	129,218
Current Assets	$ 3,387,640	$ 3,591,022
#Fixed assets	1,321,853	1,464,605
Other assets	401,066	432,433
Total Assets	$ 5,110,559	$ 5,488,060

Liabilities

	1985	1984
Notes payable & long-term debt, curr.	$ 350,443	$ 141,666
Accts. payable	318,000	520,189
Accruals	363,389	336,270
Curr. Liabilities	$ 1,031,832	$ 998,125
Long-term debt:		
Notes payable	1,064,617	1,114,788
Convert. subord. debentures	242,900	302,900
Deferred inc. taxes	113,405	128,368
Deferred compensation	32,064	20,343
+ Preferred stock	349,075	378,275
+ + Common stock	365,476	365,476
Add. paid-in capital	448,603	448,603
Retained earnings	1,462,587	1,731,182
Total Liabilities & Shareholders' Equity	$ 5,110,559	$ 5,488,060

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $25 par value; 6% cumulative.
+ + $1 par value.

Statistical Summary

	1985	1984
Sales to Inventories	4.90	4.90
Debt to Equity	0.54	0.43
Working Capital	$2,355,808	$2,592,897
Current Ratio	3.28	3.60
Shareholders' Equity	$2,625,741	$2,923,536

K mart Corporation

3100 West Big Beaver Road
Troy, Michigan 48084
(313) 643-1000

Officers: Bernard M. Fauber, chairman of the board & chief executive officer; Samuel G. Leftwich, vice-chairman; Robert E. Dewar, chairman of the executive & finance committees; Grant W. Morck, exec. v.p.-new concepts implementation; Norman G. Milley, president-K mart stores group; Robert E. Brewer, sr. v.p.-finance; Frederick M. Stevens, exec. v.p.-specialty retailing; Edward C. Andrews, v.p.-Midwestern Region; Roger E. Davis, v.p., general counsel & secretary; Ronald R. Dejaeghere, v.p.-store planning & design; Gerald R. Fletcher, v.p.-corp. info. systems; Helen C. Lefler, v.p. & treasurer; Larry M. Parkin, sr. v.p.-U.S. K mart stores; Arthur E. Riley, v.p.-Eastern Region; Harold O. Scarlett, v.p.-construction; Michael L. Skiles, v.p.-corp. facilities; A. Robert Steverson, v.p.-gov't & public relations; Bernard E. Thomas, sr. v.p.-personnel; Joseph R. Thomas, exec. v.p. & chief administrative officer; David P. Walling, v.p.-corp. accounting & reporting; Richard O. Williams, v.p.-Central Region; Joseph E. Antonini, sr. v.p. & president-K mart Apparel Corp.; Richard S. Miller, sr. v.p.-store operations; Thomas H. Nigolian, sr. v.p. & gen. mdse. mgr.; Glen R.

Mielke, v.p.-Southwestern Region; James L. Moser, v.p.-sales & marketing; Thomas F. Murasky, v.p. & chief financial officer; Robert C. McAllister, v.p.-Southern Region; David M. Carlson, v.p.-electronic-mdse. systems; Anthony N. Palizzi, v.p., assoc. gen. counsel & asst. secretary; Thomas W. Watkins, v.p.-Western Region; Michael G. Wellman, v.p.-corp. planning.

Directors: A.H. Aymond*, Mary S. Coleman*, Dale R. Corson*, Robert E. Dewar*, Bernard M. Fauber*, Carl A. Gerstacker*, David B. Harper*, Samuel G. Leftwich*, J. Edward Lundy, Paul McCracken, Grant W. Morck, Norman G. Milley, Donald S. Perkins, Willie D. Davis, Joseph D. Flannery, Gloria M. Shatto, Larry M. Parkin, Frederick M. Stevens.

* Member of the Executive Committee.

Business Activities: Operates a chain of K mart Discount Stores; Kresge Variety Stores and Jupiter limited-line discount stores in the United States, Canada, and Puerto Rico. K mart Apparel Corp. operates ladies ready-to-wear departments and Designer Depot, discount stores that sell men's, women's and children's brand-name clothing. Also operates sporting goods and auto departments in the U.S. Furr's Cafeterias, Inc. and Bishop Buffets, Inc., operate moderately priced cafeterias in the Midwest, West, and Southwest U.S.; operates Waldenbooks, a chain of retail book stores; Builders Square, a chain of warehouse home centers; Pay Less Drug Stores Northwest, a chain of retail drug stores; and Bargain Harold's, a chain of discount stores in Canada.

Subsidiaries:

K mart Canada Limited
8925 Torbram Street
Brampton, Ontario, Canada M5B 1L3
(416) 366-3771

K mart Apparel Corp.
7373 Westside Avenue
North Bergen, New Jersey 07047
(201) 861-9100

K mart Insurance Services, Inc.
200 Treadway Plaza
Exchange Park
Dallas, Texas 75245
(214) 351-5261

Furr's Cafeterias, Inc.
Lubbock, Texas
Operates a chain of cafeterias in the southwestern United States.

Bishop Buffets, Inc.
Cedar Rapids, Iowa

Builders Square, Inc.
San Antonio, Texas

Pay Less Drug Stores Northwest, Inc.
Wilsonville, Oregon
Operates a chain of drug stores in Oregon, Washington, California, Idaho, and Nevada.

Walden Book Company, Inc.
Stamford, Connecticut

Acquisition(s):

Bargain Harold's Discount Ltd
Downsview, Ontario
Chain of 73 discount stores.

Transfer Agent(s):

The National Bank of Detroit
Detroit, Michigan

First Interstate Bank of California
Los Angeles, California

Stock Exchange(s): New York, Pacific

Ticker Symbol: KG

Number of Stores (K Mart, Kresge and Jupiter units at fiscal year end)

1986	3,848	1983	2,569
1985	3,520	1982	2,374
1984	2,547		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 22,420,000	$ 221,000
1985	21,095,900	499,000
1984	18,597,900	492,000
1983	16,772,200	262,000
1982	16,527,012	220,000

	No. of Com. Shares	Earn. per Share ‡
1986	127,682,654	$ 1.73
1985	126,696,293	3.84
1984	125,910,805	3.80
1983	124,494,346	2.06
1982	123,976,386	1.75

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.40	—	—
1985	1.24	—	—
1984	1.08	—	—
1983	1.00	—	—
1982	0.96	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	$ 3,273,000	$ 25.98
1985	3,233,800	25.87
1984	2,940,100	23.35
1983	2,601,300	20.89
1982	2,455,594	19.81

Income Account *
(000's)

Year ended	1/29/85	1/30/85
Net sales	$ 22,420,000	$ 21,096,000
Other income	325,000	312,000
Total Income	$ 22,745,000	$ 21,408,000
Cost of sales	16,181,000	15,260,000
Expenses	4,845,000	4,428,000
Advertising	567,000	554,000
Interest expense	396,000	340,000
Income before taxes	$ 756,000	$ 826,000
Income taxes	285,000	327,000
Inc. - cont. oper.	$ 471,000	$ 499,000
Loss - discont. oper.	(250,000)	—
Net Income	$ 221,060	$ 499,000

* Included in Costs and Expenses, Depreciation and Amortization: $360,000 in 1986 and $303,000,000 in 1985.

Assets
(000's)

As of	1/29/86	1/30/85
Cash	$ 627,000	$ 492,000
*Inventories	4,537,000	4,587,800
Accts. receiv. & other curr. assets	363,000	231,000
Current Assets	$ 5,527,000	$ 5,310,800
Investments & advances	293,000	392,300
Leased prop. under cap. leases	3,644,000	3,338,800
Other assets & deferred charges	527,000	219,900
Total Assets	$ 9,991,000	$ 9,261,800

Liabilities
(000's)

Long-term debt, curr.	$ 15,000	$ 1,900
Oblig. under cap. leases, curr.	76,000	74,100
Notes payable	127,000	234,900
Accts. payable	1,908,000	1,916,900
Accrued payroll taxes & other liabilities	548,000	362,500
Other taxes	218,000	200,000
Income taxes	198,000	98,800
Current Liabilities	$ 3,090,000	$ 2,889,100
Long-term debt	1,456,000	1,106,900
Oblig. under cap. leases	1,713,000	1,780,100
Deferred inc. taxes	114,000	88,500
Long term liab.	345,000	163,400
+Common stock	128,000	126,700
Add. paid-in capital	343,000	313,700
Retained earnings	2,958,000	2,912,800
Treasury stock	(51,000)	(50,800)
For. curr. trans. adj.	(105,000)	(68,600)
Total Liabilities & Shareholders' Equity	$ 9,991,000	$ 9,261,800

* At lower of cost or market using the retail method. Domestic inventories at LIFO; foreign at FIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	6.75	15.43
Sales to Inventories	4.94	4.60
Debt to Equity	1.03	0.99
Working Capital	$2,437,000,000	$2,421,700,000
Current Ratio	1.79	1.84
Shareholders' Equity	$3,273,000,000	$3,233,800,000

Kay Corporation

320 King Street
Alexandria, Virginia 22314
(703) 683-3800

Officers: Anthonie C. van Ekris, pres. & chief exec. officer; Arie Nugteren, exec. v.p. & pres.-Balfour, Maclaine International Ltd.; Murray Ackerman, v.p., treasurer & asst. secretary; Russell Diaz, v.p., controller & principal accounting officer; Scott L. Spitzer, secretary & general counsel.

Directors: Anthonie C. van Ekris*, Volker Goetz, Paul Hallingby, Jr., Arie Nugteren*, Oliver Stahel, Gilbert de Botton, Andre Ben Lassin, Giovanni Mahler.

*Member of the Executive Committee.

Business Activities: Engaged through its 80.4%-owned subsidiary, Kay Jewelers, Inc., in operating retail fine jewelry stores and leased fine jewelry departments in department stores; through its wholly-owned subsidiary, Balfour, Maclaine International Ltd., in importing and exporting a wide variety of goods and commodities.

Divisions and Subsidiaries:

Balfour, Maclaine International Ltd.
Wall Street Plaza (88 Pine Street)
New York, New York 10005
The International Trade Division is engaged in importing coffee, rubber, agricultural commodities, and industrial fasteners into the United States. It exports finished goods, certain chemicals and agricultural commodities produced in the United States, acts as commodity brokers and trades in commodity futures.

Kay Jewelers, Inc. (80.4% owned)
320 King Street
Alexandria, Virginia 22314
Operates fine jewelry stores under the name Kay Jewelers and guild jewelry stores under the name of Black, Starr & Frost. It also operates leased fine jewelry departments, under the name Marcus & Co., in major U.S. department stores.

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

American Security Bank, N.A.
1501 Pennsylvania Avenue, N.W.
Washington, D.C. 20013

Kay Corporation

Stock Exchange(s): American

Ticker Symbol: KAY

Number of Retail Units: (at fiscal year end)

	Stores	Leased Depts.
1985	290	48
1984	290	48
1983	288	47
1982	292	54
1981	281	54

Sales and Earnings

	Revenues +	Net Income
1985	$ 666,342,000	$ 10,761,000
1984	827,678,000	2,395,000
1983	689,256,000	1,808,000
1982	613,164,000	3,833,000
1981	654,992,000	(7,717,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1985	5,326,000	$ 2.76
1984	4,568,000	0.52
1983	4,521,000	0.40
1982	4,521,000	0.85
1981	4,468,000	—

(Loss)
+ Of continuing operations.
‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1985	1984
International trade division	$ 434,342,000	$ 609,969,000
Retail jewelry	232,000,000	217,709,000
Total	$ 666,342,000	$ 827,678,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.16	—	5-for-4
1984	0.16	—	—
1983	0.16	—	—
1982	0.04	—	—
1981	0.60	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1985	$ 49,980,000	$ 10.73
1984	34,963,000	7.50
1983	31,829,000	7.04
1982	31,018,000	6.86
1981	27,129,000	6.00

+ Based on the average number of common shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 644,789	$ 804,771
Other income	21,553	22,907
Total income	$ 666,342	$ 827,678
Cost of sales	477,911	664,223
Expenses	140,618	133,541
Interest expense	23,734	24,600
Income before taxes	$ 24,079	$ 5,645
Income taxes	11,751	2,919
Minority interest	1,567	331
Gain on sale of assets	(472)	—
Acctg. change for pension reversion	(2,778)	—
Net Income	$ 14,011	$ 2,395

* Included in Costs and Expenses, Depreciation and Amortization: $5,732,000 in 1985 and $6,354,000 in 1984.

Assets
(000's)

As of Dec. 31	1985	1984
Cash	$ 13,663	$ 12,823
Accts. & notes	144,770	129,346
*Inventories	229,015	117,521
Other assets	12,656	17,572
Current Assets	$ 400,104	$ 277,262
Goodwill	2,437	1,820
#Fixed assets	30,050	33,099
Other assets	8,381	6,367
Total Assets	$ 440,972	$ 318,548

Liabilities
(000's)

Notes & acceptances	$ 153,305	$ 93,308
Accts. payable & accruals	128,998	79,965
Long-term debt, curr.	3,435	21,951
Income taxes	17,692	8,286
Curr. Liabilities	$ 303,430	$ 203,490
Long-term debt	66,747	62,526
Deferred income taxes	6,471	4,785
Long-term liabilities	1,546	1,796
Bank indebtedness	774	1,407
Minority interests	9,763	2,495
Deferred income	2,261	7,086
+Common stock	4,659	4,659
Add. paid-in capital	24,722	24,348
Retained earnings	21,676	8,410
For. curr. trans. adjust.	(303)	(1,047)
Deferred emp. comp.	(774)	(1,407)
Total Liabilities & Shareholders' Equity	$ 440,972	$ 318,548

* Commodity inventories at market; inventories, futures and forward contracts for commodity purchases and sales are adjusted to fair value based on market prices; jewelry inventories at LIFO.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.73	0.66
%Net Income to Sales	2.17	0.30
%Net Income to Equity	28.03	6.85
Sales to Inventories	2.82	6.85
Debt to Equity	4.49	5.12
Working Capital	$96,674,000	$73,772,000
Current Ratio	1.32	1.36
Shareholders' Equity	$49,980,000	$34,963,000

Kelly, Douglas & Company, Limited

P.O. Box 2039
Vancouver, British Columbia, Canada
(604) 665-1200

Officers: Richard J. Currie, chairman; R.J. Addington, president; K.W. Campbell, sr. v.p.-administration & secretary; S.K. Darkazanli, sr. v.p.-corporate development; D.M. McLellan, sr. v.p.-B.C. & Yukon region; Earle Barbour, v.p.-distribution services; G. Arnold Birks, v.p.-real estate & development; M.D. Booty, sr. v.p.-Prairie Div.; D.G. Gibbs, v.p. & controller; R.J. Heys, v.p.-engineering & construction; Douglas W. Hunter, v.p.-store location development; J. Rea, v.p.-B.C. & Yukon wholesale operations; A.W. Smith, v.p.-personnel & industrial relations; K.B. Williams, v.p.-corp. merchandising; D.N. De Luca, v.p-retail operations & marketing, B.C. & Yukon Region; A.E. Magner, v.p.-info. systems; T.M. Dyer, v.p. & treasurer.

Directors: W. Galen Weston, Raymond J. Addington*, Richard J. Currie*, F. Mildred Douglas, Charles M. Humphrys*, C. Francis Murphy, D.M. Williams,* K.W. Campbell.

* Member of the Executive Committee.

Business Activities: Engaged primarily in the wholesale and retail distribution of food and other products, and in dairy operations, operating in Western Canada.

Divisions and Subsidiaries:

Fairview Farms Limited
Foremost Foods Ltd.
Westfair Foods Ltd.
Westfair Wholesale Properties Ltd.
Western Commodities Ltd.
Wester Grocers, Ltd.
Tomboy Stores, Ltd.
Economart Ltd.
SuperValue Stores, Ltd.
Westfair Products (1981) Ltd.

Transfer Agent(s):

National Trust Company
Toronto & Vancouver, Canada

Stock Exchange(s): Toronto

Ticker Symbol: KLDQ (Toronto)

Sales and Earnings

	Net Sales (000's)	Net Income ‡ (000's)
1985	$ 1,887,590	$ 24,047
1984	1,702,045	18,301
1983	1,583,999	16,977
1982	1,713,815	15,358
1981	1,598,486	17,662

	No. of Com. Shares #	Earn. per Share #‡
1985	6,327,098	$ 3.80
1984	6,327,098	2.89
1983	6,327,098	2.68
1982	6,327,098	2.43
1981	6,327,099	2.79

‡ Including extraordinary gain of $1,012,000 ($0.16 per share) in 1981, extraordinary losses of $350,000 ($0.06 per share) in 1983 and $1,333,000 ($0.21 per share) in 1982.
# Based on Class A and B shares combined.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1985	$0.35	—	—
1984	0.35	—	—
1983	0.35	—	—
1982	0.35	—	—
1981	0.35	—	—

‡ Paid on Class A shares.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 204,556,000	$ 32.33
1984	186,203,000	29.43
1983	173,596,000	27.44
1982	161,048,000	25.45
1981	148,853,000	23.53

‡ Based on Class A and B Stock combined.

Income Account
(000's)

Year ended	$ 12.28.85	$ 12/29/84
Net sales	1,887,590	1,702,045
Investment income	3,593	4,434
Total income	$ 1,891,183	$ 1,706,479
Cost of sales	1,830,775	1,656,653

Depreciation & amortization	12,589	11,833
Interest expense	4,159	3,659
Income before taxes	$ 43,660	$ 34,334
Income taxes	19,537	15,952
Minority interest	76	81
Net Income	$ 24,047	$ 18,301

Assets
(000's)

As of	12/28/85	12/29/84
Cash	$ 233	$ 1,330
Accts. receiv. net	87,687	65,417
*Inventories	137,244	115,540
Prepaid expenses	2,057	2,575
Current Assets	$ 227,221	$ 184,862
#Fixed assets	133,009	113,026
Investments & other assets	32,665	20,125
Fixed assets under cap. leases	2,433	2,696
Defer. charges & intangibles	697	810
Total Assets	$ 396,025	$ 321,519

Liabilities
(000's)

Long-term debt, curr.	$ 5,382	$ 1
Acct. payable & accruals	133,100	88,643
Income taxes	165	211
Bank advances	30,996	23,666
Curr. Liabilities	$ 169,643	$ 112,521
Long-term debt	12,011	12,467
Cap. lease oblig.	3,025	3,190
Minority interest	780	932
Deferred inc. taxes	5,849	6,023
Deferred income	161	183
+ Class A shares	41,717	41,717
+ Class B shares	1,636	1,636
Retained earnings	161,203	142,850
Total Liabilities & Shareholders' Equity	$ 396,025	$ 321,519

* Retail store inventories are stated at the lower of cost and net realizable value less normal profit margin.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.31	2.02
%Net Income to Sales	1.27	1.08
%Net Income to Equity	11.76	9.83
Sales to Inventories	13.75	14.73
Debt to Equity	0.10	0.08
Working Capital	$ 57,578,000	$ 72,341,000
Current Ratio	1.34	1.64
Shareholders' Equity	$204,556,000	$186,203,000

Kenwin Shops, Inc.

595 Eighth Avenue
New York, New York 10018
(212) 695-1850

Officers: Irwin Moskowitz, president; Ira Abramson, v.p. & secretary; Richard Moskowitz, v.p. & asst. secretary; Robert Schwartz, v.p. & asst. treasurer; Kenneth Silberstein, treasurer.

Directors: Irwin Moskowitz, chairman; Richard Moskowitz, Robert Schwartz, Ira Abramson, Kenneth Silberstein, Martin L. Conrad, Henry Krauss.

Business Activities: Operates a chain of ladies' and children's apparel shops which are concentrated in the South, under the names Peyton Shops, Kenwin, Smart & Thrifty, Blends 'N' Trends, Suzanne, and Dixie.

Transfer Agent(s):

Harris Trust Company of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: KWN

Number of Stores: (at fiscal year end)

1985	238	1982	230
1984	229	1981	211
1983	222		

Sales and Earnings

	Net Sales	Net Income +
1985	$ 29,503,884	$ 610,949
1984	28,655,405	1,007,736
1983	27,576,076	509,604
1982	26,573,738	297,761
1981*	24,715,311	708,406

	No. of Com. Shares ‡	Earn. per Share ‡
1985	433,608	$ 1.42
1984	426,603	2.36
1983	422,417	1.21
1982	409,872	0.73
1981*	409,903	1.73

* 53 weeks.
+ Including extraordinary gain of $149,000 ($0.35 per share) in 1984.
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.00	—	—
1984	0.80	—	—
1983	0.80	—	—
1982	0.90	—	—
1981	0.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1985	$ 7,909,363	$ 18.24
1984	7,906,517	18.53
1983	7,233,294	17.12
1982	6,964,197	16.99
1981	7,035,321	17.16

‡ Based on the weighted average number of shares outstanding.

Income Account
(000's)

Year ended	12/29/85	12/30/84
Net sales	$ 29,503,884	$ 281655,405
Cost of sales	18,078,872	17,369,282
Expenses	9,975,313	9,374,553
Depreciation & amortization	296,457)	280,330
Interest income	(12,861)	(26,941)
Interest exense	31,154	16,445
Income before taxes	$ 1,134,949	$ 1,641,736
Income taxes	524,000	783,000
Net Income	$ 610,949	$ 858,736
Extraord. gain	—	149,000
Net Income & extraord. gain	$ 610,949	$ 1,007,736

Assets

As of	12/29/85	12/30/84
Cash	$ 1,062,437	$ 1,415,907
Accts. receiv., net	4,641,202	4,265,081
*Inventories	4,505,018	4,130,115
Notes receivable	23,500	23,500
Prepaid expenses	121,408	13,378
Term. pension plan	—	318,100
Current Assets	$ 10,353,565	$ 10,166,081
#Fixed assets	1,347,701	1,280,927
Other assets	83,956	102,225
Total Assets	$ 11,785,222	$ 11,549,233

Liabilities

Accts. payable	$ 2,342,938	$ 2,323,427
Accruals	535,897	474,012
Customer deposits	208,047	189,186
Other taxes	470,860	430,279
Curr. Liabilities	$ 3,557,742	$ 3,416,904
Deferred inc. taxes	84,974	53,574
+ Common stock	464,212	464,212
Add. paid-in capital	674,049	633,285
Retained earnings	7,675,371	7,476,389
Treasury stock	(904,269)	(667,369)
Total Liabilities & Shareholders' Equity	$ 11,785,222	$ 11,549,233

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.85	5.73
%Net Income to Sales	2.07	3.00
%Net Income to Equity	7.72	10.86
Sales to Inventories	7.55	6.94
Working Capital	$6,600,180	$6,608,339
Current Ratio	2.76	2.86
Shareholders' Equity	$7,909,363	$7,906,517

King Kullen Grocery Co., Inc.

1194 Prospect Avenue
Westbury, New York 11590
(516) 333-7100

Officers: John B. Cullen, chairman of the board & chief executive officer; Bernard D. Kennedy, president; Ralph F. Hayden, exec. v.p., treasurer & secretary, John J. Clarke, v.p.-labor relations; Thomas R. Gerrity, v.p.-meat; George P. Steinmetz, v.p.-construction & maintenance; John P. Pardini, v.p.-store operations; Joseph E. Eck, controller; James A. Cullen, v.p.-real estate; Vito La Rocco, v.p.-produce.

Directors: John B. Cullen, chairman; Ralph F. Hayden, Bernard D. Kennedy, Vincent L. Pitaro, Eugene C. Kennedy.

Business Activities: Operates a chain of supermarkets in Long Island, Brooklyn, Queens and Manhattan.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KKUL (NASDAQ)

Number of Stores: (at fiscal year end)

1985	52	1982	55
1984	53	1981	55
1983	55		

Sales and Earnings

	Net Sales	Net Income
1985	$ 484,235,000	$ 2,632,000
1984	464,672,000	1,962,000
1983	439,185,210	2,483,697
1982	428,127,028	2,413,965
1981	410,308,725	1,958,535

	No. of Com. Shares	Earn. per Share †
1985	685,918	$ 3.84
1984	685,918	2.84
1983	693,336	3.58

1982	692,621	3.49
1981	691,121	2.84

† Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.50	—	—
1984	0.50	—	—
1983	0.50	—	—
1982	0.50	—	—
1981	0.50	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 33,619,000	$ 43.18
1984	31,349,000	45.70
1983	29,939,953	43.18
1982	27,756,707	40.07
1981	25,633,606	37.09

Income Account *
(000's)

Year ended	9/28/85	9/29/84
Net sales	$ 484,235	$ 464,672
Cost of sales	369,216	357,661
Expenses	109,646	103,000
Oper. profit	$ 5,373	$ 4,011
Other expenses	989	635
Income before taxes	$ 4,384	$ 3,376
Income taxes	1,752	1,414
Net income	$ 2,632	$ 1,962

* Included in Costs and Expenses. Depreciation: $4,041,000 in 1985 and $3,940,000 in 1984.

Assets
(000's)

As of	9/25/85	9/29/84
Cash	$ 643	$ 1,228
Accts. receiv., net	2,479	1,381
Income taxes	771	1,390
*Inventories	22,023	22,410
Prepaid expenses	1,714	815
Current Assets	$ 27,630	$ 27,224
#Fixed assets	38,064	33,685
Market. securities	1,614	1,647
Other assets	1,487	1,056
Total Assets	$ 68,795	$ 63,612

Liabilities
(000's)

Long-term debt, curr.	$ 64	$ 358
Accts. payable	20,714	18,943
Accruals	11,846	8,136
Curr. Liabilities	$ 32,624	$ 27,437
Deferred inc. taxes	2,334	2,740
Long-term debt	218	2,086
+ Common stock	686	686
Add. paid-in capital	2,758	2,758
Retained earnings	30,282	27,993
Unreal. loss on mark. secur.	(107)	(88)
Total Liabilities & Shareholders' Equity	$ 68,795	$ 63,612

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.91	0.73
%Net Income to Sales	0.54	0.42
%Net Income to Equity	7.83	6.26
Sales to Inventories	21.99	20.74
Shareholders' Equity	$33,619,000	$31,349,000

The Kroger Co.

1014 Vine Street
Cincinnati, Ohio 45201
(513) 762-4000

Officers: Lyle Everingham, chairman of the board & chief exec. officer; William G. Kagler, president; Richard M. Koster, John L. Strubbe, sr. v.p.'s.; George A. Leonard, v.p. & general counsel; Gerald L. Wolken, v.p. & president-SupeRx Drug Stores; Lawrence Turner, treasurer; Jack G. Hudson, v.p. & controller; Arthur Juergens, Donald F. Dufek, Walter Dryden, George L. Irwin, David A. Burt, group v.p.'s; William J. Sinkula, group v.p. & secretary; Lorence T. Kellar, v.p.; Ray E. Dillon, Jr., chairman-Dillon Companies, Inc; Richard W. Dillon, vice chairman-Dillon Companies, Inc; Joseph A. Pichler, exec. v.p., chief exec. officer & president-Dillon Companies, Inc.

Directors: Jackson C. Hinds*, Philip E. Beekman, Lyle Everingham*, T. Ballard Morton, Jr.*, W. George Pinnell, Jr., Ray E. Dillon, Jr., Richard W. Dillon, William G. Kagler*, Joseph A. Pichler, William D. Atteberry*, Russell L. Wagner, John D. Ong, Patricia Shontz Longe, Thomas H. O'Leary, Raymond B. Carey, Jr., Otis M. Smith.

* Member of the Executive Committee.

Business Activities: Operates a chain of supermarkets in 25 states primarily in the South, Southwest and Midwest; operates a chain of drug stores under the names "SupeRx" and "Hook's" in 21 states primarily east of the Mississippi River; operates a chain of convenience stores in eight states; also conducts food processing operations.

Divisions:

Kroger Food Stores
SupeRx Drug Stores
Kroger Manufacturing
  all located at:
    1014 Vine Street
    Cincinnati, Ohio 45201
    (513) 762-4000

Dillon Companies, Inc.
Hutchinson, Kansas
  Operates 643 convenience stores, over 200 supermarkets, and a dairy.

Acquisition(s):

Hook Drugs, Inc.
  Operates a chain of 328 drugstores in Indiana, Illinois, Ohio and Kentucky, and a chain of convalescent aid and home health care centers.

Farmland Industries, Inc.
Lancaster, Pennsylvania
  Operates 170 convenience as Turkey Hill Minit Markets.

M & M Super Markets, Inc.
Savannah, Georgia
  Operates 11 supermarkets in the Savannah, Georgia area.

Transfer Agent(s):

The First National Bank of Cincinnati
First National Bank Center
Fifth and Walnut Streets
Cincinnati, Ohio 45201

Stock Exchange(s): New York

Ticker Symbol: KR

Number of Stores (at fiscal year end)

	Supermarkets	Drug	Convenience
1985	1,367	872	643
1984	1,318	575	443
1983	1,428	563	352
1982	1,418	563	352
1981	1,258	507	—

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1985	$ 17,123,531	$ 180,750
1984	15,922,891	156,663
1983	15,236,013	127,079
1982	14,761,764	192,124
1981	13,957,555	175,870

	No. of Com. Shares	Earn. per Share ‡
1985	43,682,836	$ 4.09
1984	45,085,783	3.49
1983	44,744,692	2.76
1982	44,498,841	4.05
1981	43,633,104	3.84

+ Of continuing operations only.
‡ Based on the average number of common shares outstanding.

Revenues By Line of Business
(000's)

	1985	1984
Food stores	$ 15,563,000	$ 14,753,000
Drug stores	1,157,000	859,000
Convenience stores	404,000	311,000
Total	$ 17,124,000	$ 15,923,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$2.00	—	—
1984	2.00	—	—
1983	1.91	—	—
1982	1.76	—	—
1981	1.57	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 1,188,670	$ 27.21
1984	1,148,776	25.48
1983	1,072,852	23.98
1982	1,036,345‡	23.29
1981	950,049‡	21.33

‡ After allowing for preferred stock at par value.

Income Account
(000's)

Year ended	12/28/85	12/29/84
Net sales	$ 17,123,531	$ 15,922,891
Cost of sales	13,079,096	12,175,606
Expenses	3,196,889	2,998,366
Rent expense	230,057	218,857
Depreciation & amortization	209,614	190,664
Div. & interest income	(17,833)	(23,173)
Interest expense	105,145	97,208
Income before taxes	$ 320,563	$ 265,363
Income taxes	139,813	108,730
Net Income	$ 180,750	$ 156,663

Assets
(000's)

As of	12/28/85	12/29/84
Cash & cash invest.	$ 105,510	$ 163,209
Receivables, net	215,414	204,062
*Inventories	1,472,756	1,245,985
Property held for resale	88,022	10,724
Prepaid & other curr. assets	119,431	116,049
Current Assets	$ 2,001,133	$ 1,740,029
Investments	151,055	65,073
#Fixed assets	1,991,451	1,846,436
Notes receivable	34,218	35,788

Total Assets	$ 4,177,807	$ 3,687,326

Liabilities
(000's)

Long-term debt, curr.	$ 35,730	$ 57,233
Accts. payable	1,108,899	906,758
Accrued inc. taxes	89,124	69,783
Other curr. liabilities	487,788	424,132
Oblig. under cap. leases, curr.	5,920	5,601
Curr. Liabilities	$ 1,727,461	$ 1,463,507
Long-term debt	710,890	577,842
Oblig. under cap. leases	214,586	200,815
Employee benefit fund	21,810	21,810
Deferred inc. taxes	314,390	274,576
+Common stock	396,387	381,696
Retained earnings	980,003	887,606
Treasury stock	(187,720)	(114,952)
Loss on equity securities	—	(5,574)
Total Liabilities & Shareholders' Equity	$ 4,177,807	$ 3,687,326

* At lower of cost (principally LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.87	1.67
%Net Income to Sales	1.06	0.98
%Net Income to Equity	15.21	13.63
Sales to Inventories	11.63	12.78
Debt to Equity	0.81	0.73
Working Capital	$ 273,672,000	$ 276,522,000
Current Ratio	1.16	1.19
Shareholders' Equity	$1,188,670,000	$1,148,776,000

Levitz Furniture Corporation

(Became a privately held corporation as of April 11, 1985.)

1317 N.W. 167th Street
Miami, Florida 33169
(305) 625-6421

Officers: Robert M. Elliott, chairman of the board and chief executive officer; George H. Bradley, president; John W. Duall, sr. v.p. & controller; Henry J. Morgan, sr. v.p., secretary & gen. counsel; Patrick J. Nolan, sr. v.p. & treasurer; Allen H. Glick, sr. v.p.-marketing; Donald Mustain, II, sr. v.p.-planning & devel.; Richard N. Himeisen, v.p.-mgr., info. services; Frank W. Bonheim, v.p.-personnel; Eleanor Eckardt, v.p.-consumer relations; Robert E. Gorden, v.p.-advertising & sales promotion; Lucy J. Mazzoni, v.p.-office admin.; Julian T. Pipkin, Jr., v.p.-operations; Gary R. Miller, asst. treasurer; Harry O. Boreth, David M. Devins, asst. secretaries.

Directors: George H. Bradley*, chairman; Robert M. Elliott*, Bruce Leadbetter*, John W. Duall, Melvyn N. Klein*, Curtis L. Ward*, Erik M. Giese, Wayne W. Wright.

* Member of the Executive Committee.

Business Activities: Operates a nationwide chain of "warehouse-showroom" furniture stores.

Number of Stores: (at fiscal year end)

1985	92	1982	83
1984	85	1981	80
1983	85		

Sales and Earnings

	Net Sales	Net Income
1985	$ 761,778,000	$ 34,242,000
1984	644,435,000	27,409,000
1983	485,721,000	8,765,000
1982	488,544,000	8,873,000
1981	500,752,000	13,458,000

	No. of Com. Shares +	Earn. per Share ‡
1985	8,536,535	$ 4.20
1984	8,527,160	3.37
1983	8,515,874	1.07
1982	8,515,874	1.05
1981	8,515,074	1.58

+ Adjusted to reflect stock split.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1985	$0.72	—	—
1984	0.59	—	2-for-1
1983	0.50	—	—
1982	0.50	—	—
1981	0.50	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 184,451,000	$ 21.61
1984	155,960,000	18.29
1983	133,167,000	15.64
1982	130,608,000	15.34
1981	129,767,000	15.24

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Jan. 31	1985	1984
Net sales	$ 761,778	$ 644,435
Cost of sales	414,943	358,377
Expenses	271,138	229,234
Interest expense	9,095	9,836
Other expense (income)	703	(4,431)
Income before taxes	$ 65,899	$ 51,419
Income taxes	31,657	24,010
Net Income	$ 34,242	$ 27,409

* Included in Cost and Expenses, Depreciation and Amortization: $14,757,000 in 1985 and $13,085,000 in 1984.

Assets
(000's)

As of Jan. 31	1985	1984
Cash	$ 19,505	$ 13,892
Receiv., net	25,404	17,537
*Inventories	111,070	101,903
Prepaid expenses & deposits	2,921	3,207
Deferred income taxes	629	1,572
Current Assets	$ 159,529	$ 138,111
#Fixed assets	171,171	154,292
Property under cap. leases	64,242	67,130
Other assets	9,965	18,319
Total Assets	$ 404,907	$ 377,852

Liabilities
(000's)

Long-term debt, curr.	$ 1,762	$ 1,680
Current portion of oblig. under cap. leases	2,344	2,897
Accts. payable	48,169	43,398
Accruals & other liabilities	35,024	36,688
Income taxes	6,573	5,623
Curr. Liabilities	$ 93,872	$ 90,286
Long-term debt	35,806	41,292
Oblig. under cap. leases	80,711	82,414
Deferred income taxes	10,067	7,900
+Common stock	3,415	3,411
Add. paid-in capital	33,263	33,147
Retained earnings	153,749	125,378
Treasury stock	(5,976)	(5,976)
Total Liabilities & Shareholders' Equity	$ 404,907	$ 377,852

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.40 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.65	7.98
%Net Income to Sales	4.50	4.25
%Net Income to Equity	18.56	17.57
Sales to Inventories	6.86	6.32
Working Capital	$ 65,657,000	$ 47,825,000
Current Ratio	1.70	1.53
Shareholders' Equity	$184,451,000	$155,960,000

The Limited, Inc.

Two Limited Parkway
P.O. Box 16000
Columbus, Ohio 43216
(614) 475-4000

Officers: Leslie H. Wexner, chairman of the board; Robert H. Morosky, vice chairman of the board; David T. Kollat, Thomas G. Hopkins, exec. v.p.'s; Kenneth B. Gilman, v.p. & corporate controller; Timothy B. Lyons, v.p.-taxes; Charles W. Hinson, v.p.-store planning; Jerald Dick, v.p.-real estate; Alfred S. Dietzel, v.p.-financial and public relations; Michael W. Solly, v.p. & treasurer; Bella Wexner, secretary.

Directors: Leslie H. Wexner, chairman; Robert H. Morosky, Bella Wexner, Claudine Malone, David T. Kollat, John K. Pfahl, Donald B. Shackelford, John W. Kessler, Martin Trust, W. Arthur Cullman, Raymond Zimmerman.

Business Activities: Engaged in the sale of a wide range of medium-priced women's fashion apparel to the 20 to 40 age group. The company also operates 218 Limited Express stores designed to appeal to younger women, 15 to 25 years of age. Merchandise is chosen to provide a coordinated mix of sportswear, dresses, coats and intimate apparel for the fashion oriented customer. Through its Mast Industries, Inc. subsidiary, the Company also manufactures and distributes moderate-priced apparel appealing to the fashion-conscious consumer.

Subsidiaries:

Lane Bryant, Inc.
401 retail clothing stores plus mail order division.

Victoria's Secret
93 stores specializing in intimate apparel, plus mail order division.

Sizes Unlimited
An off-priced retail chain of 293 stores selling special size apparel.

Limited Express, Inc.
Popular-priced sportswear and accessories for women 15 to 25 years of age.

Brylane, Inc.
Catalog retailer of women's special-size apparel and shoes

Mast Industries, Inc.
Manufacture and distribution of women's apparel.

Limited Credit Corp.
Limited Credit Funding
Finance subsidiaries.

Acquisition(s):

Lerner Stores Corporation
Chain of approximately 800 stores, retailing women's apparel.

Henri Bendel
New York, New York
Women's specialty apparel store.

Transfer Agent(s):

Manufacturers Hanover Trust Company
Shareholders Relations Department
450 West 33rd, 8th Floor
New York, New York 10001

The Limited, Inc.

Stock Exchange(s): New York, London

Ticker Symbol: LTD

Number of Stores: (at fiscal year end)

1985	2,353	1982	489
1984	1,412	1981	422
1983	937		

Sales and Earnings

	Net Sales	Net Income
1985	$2,387,110,000	$ 145,317,000
1984*	1,343,134,000	92,495,000
1983	1,085,890,000	70,939,000
1982	721,394,000	33,592,000
1981	364,900,000	22,386,000

	No. of Com. Shares ‡	Earn. per Share ‡
1985	121,879,000	$ 1.20
1984*	120,421,000	0.77
1983	120,124,000	0.59
1982	117,004,000	0.29
1981	111,014,000	0.20

* 53 weeks.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1985	$0.16	—	2-for-1
1984	0.12	—	2-for-1
1983	0.06	—	—
1982	0.036	—	2-for-1
1981	0.019	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 404,075,000	$ 3.37
1984	275,403,000	2.31
1983	192,576,000	1.63
1982	122,578,000	1.05
1981	83,150,000	0.76

‡ Adjusted to reflect stock splits.

Income Account *

Year ended	2/1/86	2/2/85
Net sales	$2,387,110,000	$1,343,134,000
Cost of sales	1,668,267,000	938,813,000
Expenses	442,631,000	231,219,000
Other income	(4,335,000)	(1,055,000)
Interest expense	41,230,000	16,662,000
Income before taxes	$ 239,317,000	$ 157,495,000
Income taxes	94,000,000	65,000,000
Net Income	$ 145,317,000	$ 92,495,000

* Included in Costs and Expenses, Depreciation and Amortization: $80,128,000 in 1985 and $34,526,000 in 1984.

Assets

As of	2/1/86	2/2/85
Cash & cash equiv.	$ 12,948,000	$ 7,494,000
Accts. receiv., net	62,077,000	45,912,000
*Inventories	320,305,000	190,014,000
Prepaid expenses	20,994,000	13,056,000
Current Assets	$ 416,324,000	$ 256,476,000
#Fixed assets	648,314,000	267,528,000
Other assets	72,077,000	19,476,000
Invest. in fin. subsid.	74,795,000	23,672,000
Total Assets	$1,211,510,000	$ 567,152,000

Liabilities

Accts. payable	$ 184,368,000	$ 103,010,000
Accruals	103,381,000	47,719,000
Income taxes	9,253,000	9,378,000
Def. inc. taxes	56,416,000	29,109,000
Curr. Liabilities	$ 353,418,000	$ 189,216,000
Long-term debt	213,744,000	60,139,000
Subord. convert. debt	175,000,000	—
Deferred inc. taxes	44,506,000	42,394,000
Other long-term liab.	20,767,000	—
+ Common stock	59,917,000	29,807,000
Add. paid-in capital	24,695,000	22,466,000
Retained earnings	319,463,000	223,130,000
Total Liabilities & Shareholders' Equity	$1,211,510,000	$ 567,152,000

* At lower of average cost or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.03	11.73
%Net Income to Sales	6.09	6.89
%Net Income to Equity	35.96	33.59
Sales to Inventories	7.45	7.07
Debt to Equity	0.53	0.22
Working Capital	$ 62,906,000	$ 67,260,000
Current Ratio	1:18	1.36
Shareholders' Equity	$404,075,000	$275,403,000

The Lionel Corporation

441 Lexington Avenue
Suite 703
New York, New York 10017
(212) 818-0630

Officers: Michael J. Vastola, chairman of the board, president, chief executive officer, chief financial accounting officer & treasurer; Marvin J. Katz, sr. v.p.; George A. Padgett, senior vice president, secretary and general counsel; Robert F. Amweg, assistant controller; Louis P. Mongeluzzi, assistant secretary.

Directors: Michael J. Vastola, chairman; Comer S. Coppie, William M. Kallop, Marvin J. Katz, Arthur J. Kobacker, Wyllis A. Lang, George A. Padgett, Robert F. Raisbeck, Douglas T. Tansill, Philomena D. Warihay.

Subsidiaries:

Lionel Leisure, Inc.
2951 Grant Avenue
Philadelphia, Pennsylvania 19114
(215) 671-3800

Operates a chain of 56 toy supermarkets in 15 states, operated under the names Lionel Kiddie City, Lionel Playworld, and Lionel Toy Warehouse. Major product lines include toys, games, hobbies, wheelgoods, juvenile furniture, playground equipment, pools, sporting goods, and camping equipment.

Transfer Agent(s):

First Jersey National Bank
2 Montgomery Street
Jersey City, New Jersey 07302

Stock Exchange(s): American, Pacific

Ticker Symbol: LIO

Number of Stores: (at fiscal year end)

1985	56	1982	56
1984	52	1981	93
1983	53		

Sales and Earnings

	Net Sales +	Net Income‡
1985	$ 246,075,840	$ 39,587,614
1984	225,038,012	20,703,338
1983	198,498,992	(6,854,607)
1982	211,440,858	(51,128,583)
1981	263,208,193	(13,069,168)

	No. of Com. Shares #	Earn. per Share #‡
1985	8,403,562	$ 4.74
1984	7,104,956	2.91
1983	7,103,731	—
1982	7,103,362	—
1981	7,070,968	—

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gains of $20,294,237 ($2.41 per share) in 1985 and $10,117,700 ($1.42 per share) in 1984.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$ —	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	—
1981	0.15	5%	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 66,765,206	$ 7.94
1984	(5,069,506)	—
1983	(25,048,768)	—
1982	(18,199,260)	—
1981	32,929,323	4.66

(Deficiency)
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Income Account

Year ended Dec. 31	1985	1984
Net sales	$ 246,075,840	$ 225,038,012
Other income	4,876,993	3,193,281
Total Income	$ 250,952,833	$ 228,231,293
Cost of sales	173,157,407	157,066,613
Expenses	64,702,868	59,437,656
Depreciation & amortization	3,066,620	3,058,721
Interest expense	504,369	679,687
Unusual items	5,798,367	3,886,426
Inc. before taxes	$ 3,723,202	$ 4,102,190
Income taxes	1,817,091	1,932,089
Inc. - cont. oper.	$ 1,906,111	$ 2,170,101
Inc. - discont. oper.	17,387,266	8,415,537
Net Income	$ 19,293,377	$ 10,585,638
Extraord. gain	20,294,237	10,117,700
Net Income & extraord. gain.	$ 39,587,614	$ 20,703,338

Assets

As of Dec. 31	1985	1984
Cash	$ 1,357,468	$ 3,157,798
Short-term invest.	33,040,000	49,209,729
Receivables, net	2,252,939	19,245,362
*Inventories	52,630,740	82,211,654
Prepaid expenses	3,128,567	2,656,097
Def. inc. taxes	500,000	—
Current Assets	$ 92,909,714	$ 156,480,640
Prop. under cap. leases	4,425,117	9,614,040
#Fixed assets	13,403,692	37,262,034
Other assets	1,218,337	2,753,108
Total Assets	$ 111,956,860	$ 206,109,822

Liabilities

Long-term debt, curr.	$ 164,649	$ 1,939,931
Cap. lease oblig., curr.	547,862	843,827
Accts. payable	23,686,279	23,291,707
Accruals	9,884,683	11,087,788
Accrued payroll	1,543,400	5,856,253

Taxes	4,764,765	3,932,348
Curr. Liabilities	$ 40,591,638	$ 46,951,854
Long-term debt deferred - Chap. XI	—	139,243,661
Long-term debt	537,746	9,872,822
Cap. lease oblig.	4,062,270	9,728,458
Minority interest	—	5,382,533
+ Common stock	1,366,516	737,766
Add. paid-in capital	62,329,339	28,951,169
Retained earnings (deficit)	3,843,451	(33,979,772)
Treasury stock	(774,100)	(778,669)
Total Liabilities & Shareholders' Equity	$ 111,956,860	$ 206,109,822

* At lower of cost (FIFO or retail method) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	28.90	—
Sales to Inventories	4.68	2.74
Debt to Equity	0.08	—
Working Capital	$52,318,076	$109,528,786
Current Ratio	2.29	3.33
Shareholders' Equity (Deficiency)	$66,765,206	$ (5,069,506)

Loblaw Companies Limited

22 St. Clair Avenue East
Toronto, Ontario, Canada M4T 2S8
(416) 922-2500

Officers: W. Galen Weston, chairman of the board; Richard J. Currie, president; Raymond J. Addington, David A. Nichol, David M. Williams, exec. v.p.'s; Brian Y. Davidson, sr. v.p.-bus. development; Harold A. Seitz, sr. v.p.-real estate development; Sheldon Douglass, v.p.-financial services; Wayne E. East, v.p.-information services; David Bragg, v.p. & controller; James H. Farrell, v.p., general counsel & secretary; John N. McCullough, v.p. & asst. gen. counsel; John W. Thompson, v.p.-finance; Donald G. Reid, treasurer; Dorothy M. Leamen, Stewart E. Green, asst. secretaries; Michael R. Lambert, asst. controller; Richard P. Mavrinac, tax officer.

Directors: W. Galen Weston, chairman; Richard J. Currie, Charles M. Humphrys, Robert H. Kidd, Roger A. Lindsay, Arthur H. Mingay, David A. Nichol, George B. Robertson.

Business Activities: A Canadian holding company controlling major interest in food retailing and wholesaling in Canada and the United States. In addition to its food-related operations, Loblaw, through its subsidiaries, also participates in the Canadian general merchandise industries.

Divisions and Subsidiaries:

National Tea Company
Chicago, Illinois
Operates supermarkets in the central United States.

Peter J. Schmitt Co., Inc.
Buffalo, New York
Wholesale and retail food distribution in the United States.

Loblaws Supermarkets Limited
Toronto, Ontario, Canada
Operates food stores in Ontario, Canada, under the Loblaws and Ziggys names.

Zehrmart Limited

Zehr's Markets Division
Cambridge, Ontario, Canada
Operates 57 retail supermarkets under the Zehr's and Gordon's names in southwestern and north central Ontario.

National Grocers Company, Limited
Toronto, Ontario, Canada
A wholesale organization supplying retail food stores and institutions throughout Ontario and Quebec.

Atlantic Wholesalers Limited
Sackville, New Brunswick, Canada
Wholesaler of groceries, meat and produce in the Maritime provinces.

Kelly, Douglas & Company, Limited (85% owned)
Burnaby, British Columbia, Canada
Engaged primarily in the wholesale and retail distribution of food and drug products, and also in extensive food manufacturing, catering, restaurant supply and dairy operations, operating mainly in Western Canada and the prairies.

Central Canada Grocers, Inc.
Toronto, Ontario, Canada

Combined Merchandisers Inc.
Toronto, Ontario, Canada

Westfair Foods Ltd.
Winnipeg, Manitoba, Canada

Acquisition(s):

Betsy Ross Foods, Inc.
Santisi Produce Company
U.S. wholesale food distributors.

Transfer Agent(s):

National Trust Company
Toronto, Montreal, Calgary, Winnipeg, Regina, Halifax & Vancouver, Canada

Stock Exchange(s): Toronto, Montreal, Vancouver

Ticker Symbol: LA (Class A); LB (Class B)

Number of Stores: (at fiscal year end)

1985	363	1982	506
1984	381	1981	548
1983	403		

Sales and Earnings

	Net Sales (000's)	Net Income ‡ (000's)
1985	$ 6,931,100	$ 67,100
1984	6,419,400	64,200
1983	6,091,019	52,747
1982	6,220,981	39,306
1981	5,794,531	52,649

	No. of Com. Shares	Earn. per Share ‡
1985	35,652,946	$ 1.70
1984	35,501,858	1.62
1983	35,466,573	1.33
1982	35,410,511	0.92
1981	35,403,150	1.32

‡ Including extraordinary gains of $3,100,000 ($0.09 per share) in 1984, $700,000 ($0.02 per share) in 1983, $12,057,000 ($0.35 per share) in 1981, and extraordinary loss of $5,682,000 ($0.16 per share) in 1982.

Common Stock Equity

	Total Equity ‡	Equity Per Share
1985	$ 413,500,000	$ 11.60
1984	357,400,000	10.07
1983	303,724,000	8.56
1982	261,454,000	7.38
1981	236,529,000	6.68

‡ After allowing for preferred stock at redemption values.

Income Account
(000's)

Year ended	12/28/85	12/29/84
Net sales	$ 6,931,100	$ 6,419,400
Other income	3,900	5,500
Total Income	$ 6,935,000	$ 6,424,900
Cost of sales & exp.	6,710,500	6,219,800
Depreciation	73,000	67,400
Interest expense	36,300	29,200
Income before taxes	$ 115,200	$ 108,500
Income taxes	44,300	44,200
Minority interest	3,800	3,200
Net Income	$ 67,100	$ 61,100
Extraord. gain	—	3,100
Net Income & extraord. gain	$ 67,100	$ 64,200

Assets
(000's)

As of	12/28/85	12/29/84
Cash & invest.	$ 1,500	$ 7,600
Accts. receiv., net	207,900	152,800
Prop. for sale	7,600	8,000
*Inventories	523,500	443,400
Prepaid expenses	12,600	12,300
Current Assets	$ 753,100	$ 624,100
Investments	102,900	70,100
#Fixed assets	655,500	555,100
Deferred income taxes	4,100	7,800
Defer. charges & intangibles	14,100	7,200
Total Assets	$ 1,529,700	$ 1,264,300

Liabilities
(000's)

Bank advances & notes payable	$ 48,200	$ 31,800
Long-term debt, curr.	15,100	3,100
Cap. lease oblig., curr.	8,100	7,300
Accounts payable & accruals	526,200	423,500
Taxes payable	26,700	26,200
Dividend payable	3,000	2,600
Curr. Liabilities	$ 627,300	$ 494,500
Long-term debt	250,700	171,200
Cap. lease oblig.	67,800	69,600
Other liabilities	28,300	30,900
Minority interest	34,600	31,900
+ First pref. stock:		
First series	22,000	22,000
Second series	11,600	12,000
+ Second pref. stock:		
First series	30,000	30,000
Second series	25,000	25,000
+ Junior pref. stock:		
First series	1,200	1,600
Second series	1,300	1,300
Third series	2,200	2,200
Fourth series	1,100	1,400
+ Common stock	104,100	103,200
Add. paid-in capital	10,300	10,400
Retained earnings	294,800	245,400
Curr. trans. adj.	17,400	11,700
Total Liabilities & Shareholders' Equity	$ 1,529,700	$ 1,264,300

* At lower of cost and net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	1.66	1.69
%Net Income to Sales	0.97	0.95
%Net Income to Equity	12.88	13.11
Sales to Inventories	13.24	14.48
Debt to Equity	0.75	0.61
Working Capital	$125,800,000	$129,600,000
Current Ratio	1.20	1.26
Shareholders' Equity	$521,000,000	$466,200,000

Longs Drug Stores, Inc.

141 North Civic Drive
P.O. Box 5222
Walnut Creek, California 94596
(415) 937-1170

Officers: J.M. Long, chairman of the board; R.M. Long, president & chief exec. officer; R.A. Scott, exec. v.p.; R.A. Plomgren, sr. v.p.-development; D. Madsen, sr. v.p.-finance; D.G. DeSchane, G.A. Duey, T.R. Sweeney, B.M. Brandon, D.D. England, D.R. Wilson, V.H. Howe, R.W. Vienop, M. Baird, v.p.'s; W.G. Combs, v.p.-administration & treasurer; S.D. Roath, sr. v.p.-marketing; O.D. Jones, v.p.-real estate & secretary; L.C. Anderson, v.p.-personnel; P.E. Paz, v.p.-merchandising & sales development; R.W. Boyd, v.p.-professional affairs.

Longs Drug Stores, Inc.

Directors: J.M.Long, T.J. Long, N.C. Adams, R.M. Long, I.W. Rowland, Samuel B. Stewartl Ronald A. Plomgrenl D.E. McHenry, R.A. Scott, T.R. Sweeney, S.D. Roath, W.G. Combsl E.E. Johnston.

Business Activities: Operates a chain of drug stores located in California, Hawaii, Alaska, Arizona, Oregon, Nevada and Colorado.

Transfer Agent(s):

Bank of America N.T. & S.A.
San Francisco, California 94120

Stock Exchange(s): New York

Ticker Symbol: LDG

Number of Stores: (at fiscal year end)

1986	208	1983	173
1985	191	1982	162
1984	178		

Sales and Earnings

	Net Sales	Net Income
1986	$1,480,830,000	$ 37,718,000
1985	1,375,769,000	40,094,000
1984	1,214,443,000	36,387,000
1983	1,123,234,000	30,890,000
1982	1,005,370,000	30,274,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	21,741,000	$ 1.74
1985	21,335,000	1.88
1984	21,236,000	1.72
1983	21,186,000	1.46
1982	21,136,000	1.43

‡ Based on the weighted average number of common stock and common stock B shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.70	—	—
1985	0.62	—	2-for-1
1984	0.55	—	—
1983	0.51	—	—
1982	0.45	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 289,838,000	$ 13.33
1985	260,907,000	12.23
1984	224,402,000	10.57
1983	198,816,000	9.38
1982	177,993,000	8.42

‡ Based on the weighted average number of common stock and common stock B shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Jan. 31	1986	1985
Net sales	$ 1,480,830	$ 1,375,769
Cost of sales	1,123,145	1,045,571
Expenses	231,189	206,270
Occupancy	53,778	45,634
Income before taxes	$ 72,718	$ 78,294
Income taxes	35,000	38,200
Net Income	$ 37,718	$ 40,094

* Included in Costs and Expenses, Depreciation: $12,076,000 in 1986 and $9,278,000 in 1985.

Assets
(000's)

As of Jan. 31	1986	1985
Cash & short term invest.	$ 23,112	$ 26,600
*Inventories	169,222	155,919
Prepaid expenses & deposits	15,659	10,114
Current Assets	$ 207,993	$ 192,633
#Fixed assets	203,314	167,980
Total Assets	$ 411,307	$ 360,613

Liabilities
(000's)

	1986	1985
Accts. payable	$ 66,116	$ 52,380
Compensation	14,773	11,498
Income taxes	4,028	8,902
Other taxes	14,906	8,087
Other liabilities	8,938	8,979
Curr. Liabilities	$ 108,761	$ 89,846
Deferred inc. taxes	12,708	9,860
+Common stock	10,870	1,333
Add. paid-in capital	6,424	6,954
Contrib. to profit sharing	5,650	8,250
Retained earnings	266,894	244,370
Total Liabilities & Shareholders' Equity	$ 411,307	$ 360,613

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.91	5.69
%Net Income to Sales	2.55	2.91
%Net Income to Equity	13.01	15.37
Sales to Inventories	8.75	8.82
Working Capital	$ 99,232,000	$102,787,000
Current Ratio	1.91	2.14
Shareholders' Equity	$289,838,000	$260,907,000

Lowe's Companies, Inc.

State Highway 268 East
Box 1111
North Wilkesboro, North Carolina 28656
(919) 651-4000

Officers: Robert L. Strickland, chairman of the board; Leonard G. Herring, president & chief executive officer; Wendell R. Emerine, exec. v.p.; Dwight E. Pardue, sr. exec. v.p.-real estate; William H. McElwee, Sr., managing director & general counsel; Arnold N. Lakey, v.p.-credit; Richard D. Elledge, v.p., secretary & controller; Harry B. Underwood, II, sr. v.p.-finance & treasurer; John W. Vining, Jr., v.p.-administration; W. Nathan Mitchell, asst. secretary; William C. Warden, Jr., asst. secretary; William F. Reins, asst. treasurer.

Directors: Petro Kulynych, William H. McElwee, Sr., Leonard G. Herring, Robert L. Strickland, Gordon E. Cadwgan, Robert G. Schwartz, Jack C. Shewmaker.

Business Activities: Operates a group of merchandise stores specializing in lumber, building materials, hardware, appliances and a variety of other consumer products. Stores are located in 21 states, principally in the South.

Transfer Agent(s):

Wachovia Bank & Trust Company, N.A.
Box 3001
Winston-Salem, North Carolina 27102

Morgan Guaranty Trust Company
30 West Broadway
New, New York 10015

Stock Exchange(s): New York, Pacific, London

Ticker Symbol: LOW

Number of Stores: (at fiscal year end)

1985	282	1982	235
1984	248	1981	229
1983	238		

Sales and Earnings

	Net Sales	Net Income
1986	$2,072,569,000	$ 59,714,000
1985	1,688,738,000	61,433,000
1984	1,430,576,000	50,615,000
1983	1,034,032,000	25,131,000
1982	888,042,000	17,859,000

	No. of Com. Shares ‡	Earn. per Share +
1986	36,509,000	$ 1.64
1985	36,248,000	1.70
1984	36,193,000	1.40
1983	33,333,000	0.75
1982	32,555,000	0.55

‡ Adjusted to reflect stock splits.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1986	1985
Structural lumber	$ 364,000	$ 303,000
Bldg. commod. & millwork	664,000	567,000
Home decor. & illum.	239,000	183,000
Kitch., bath & laundries	197,000	170,000
Heating, cooling & water syst.	104,000	93,000
Home entertainment	78,000	59,000
Recreation, yard, patio, garden & farms	63,000	117,000
Tools	56,000	36,000
Spec. order sales	208,000	161,000
Total	$ 2,073,000	$ 1,689,000

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.36	—	—
1985	0.32	—	—
1984	0.32	—	—
1983	0.29	—	5-for-3
1982	0.29	—	3-for-2

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 407,373,000	$ 11.16
1985	341,348,000	9.42
1984	291,505,000	8.05
1983	198,783,000	5.96
1982	177,501,000	5.45

+ Adjusted to reflect stock splits.

Income Account
(000's)

Year ended Jan. 31	1986	1985
Net sales	$ 2,072,569	$ 1,688,738
Cost of sales	1,560,373	1,262,394
Expenses	343,346	269,347
Depreciation	21,759	14,805
Emp. retire. ben.	22,719	20,802
Interest expense	11,507	2,314
Income before taxes	$ 112,865	$ 119,076
Income taxes	53,151	57,633
Net Income	$ 59,714	$ 61,443

Assets
(000's)

As of Jan. 31	1986	1985
Cash & short-term invest.	$ 87,190	$ 84,204
Accts. receiv., net	127,603	97,319
*Inventories	313,143	248,268
Prepaid inc. taxes	6,713	2,579
Current Assets	$ 534,649	$ 432,370
#Fixed assets	308,603	195,237
Other assets	14,137	7,737
Total Assets	$ 857,389	$ 635,344

Liabilities
(000's)

	1986	1985
Long-term debt, curr.	$ 8,673	$ 7,083
Accts. payable	168,068	125,003
Emp. retire. benefit pay	22,225	19,989
Income taxes	2,317	550
Accrued payroll & other liab.	50,386	36,793
Curr. Liabilities	$ 251,669	$ 189,418
Long-term debt	183,909	92,488
Def. inc. taxes	13,240	10,854
Def. income	1,198	1,236
+ Common stock	18,541	18,124
Add. paid-in capital	82,219	63,847
Retained earnings	306,613	259,377
Total Liabilities & Shareholders' Equity	$ 857,389	$ 635,344

* At lower of cost (LIFO) or market
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.45	7.05
%Net Income to Sales	2.88	3.64
%Net Income to Equity	14.66	18.00
Sales to Inventories	—	6.80
Debt to Equity	0.47	0.29
Working Capital	$282,980,000	$242,952,000
Current Ratio	2.12	2.28
Shareholders' Equity	$407,373,000	$341,348,000

Lucky Stores, Inc.

6300 Clark Avenue
P.O. Box BB
Dublin, California 94568
(415) 828-1000

Officers: S. Donley Ritchey, chairman of the board; John M. Lillie, pres. & chief exec. officer; Kenneth W. Cope, sr. v.p.-admin.; Lawrence A. DelSanto, exec. v.p.; Jack A. Hoover, sr. v.p.-marketing; Ivan Owen, sr. v.p. & chief financial officer; Leon W. Roush, sr. v.p.-food operations; Anne C. Broome, v.p. & controller; Richard C. Biagi, v.p.-real estate; Alan R. Ceccanti, v.p.-meat operations; Lester C. Kranhold, v.p.-engineering; Frank J. Dorsey, v.p.-warehousing, distribution & store systems; Raymond H. Sweeney, v.p.-industry relations; R. Lee Paulson, v.p.-management information systems; Richard M. Brooks, v.p.-finance & treasurer; Christopher McLain, v.p., counsel & secretary; Thomas F. Herman, v.p.-personnel; Edward A. Odron, v.p.-produce; Jimmie D. Prince, v.p.-manufacturing.

Directors: Gerald A. Awes*, William H. Dyer, Jr.*, Ivan Owen, Dwight E. Stanford, Stanley Hiller, Jr., Walter E. Hoadley, John H. Hoefer, Joseph A. Woods, Jr., Don C. Frisbee, Forrest A. Plant, Mary E. Lanigar, S. Donley Ritchey*, John M. Lillie*, Melvin B. Lane, Sam L. Ginn, Luis G. Nogales.

* Member of the Executive Committee

Business Activities: Operates a chain of food units consisting of supermarkets, food departments of department stores; Lucky Discount Supermarkets are located in Western states; Food Basket in San Diego County, California; Kash 'N Karry in Florida; Eagle Discount Supermarkets in the Midwest and Texas. Also operates Gemco Membership Department Stores located in the West. Operates a chain of pharmacies in department stores and food markets; retail fabric stores, including Hancock Fabrics stores located primarily in the South, Southwest and Pacific Coast, and Minnesota Fabrics stores located in the midwestern and eastern states; Kragen Auto Supply and Checker Auto Parts, dealing primarily in auto parts and tires located in California; jewelry departments (Le Gran) in the Company's membership department stores. Also engaged in the distribution of fabrics and notions to both company-owned and independent stores and the manufacture and marketing of household cleaning products. Operates Harvest Day Bakeries, Lady Lee dairies and ice cream plants (California).

Transfer Agent(s):

Bank of America N.T. & S.A.
(common and preferred stock)
World Headquarters Building
San Francisco, California 94104

Stock Exchange(s): New York, Pacific

Ticker Symbol: LKS

Number of Stores: (at fiscal year end)

	Food Stores	Dept. Stores	Specialty Retailing
1985 . . .	582	80	803
1984 . . .	622	77	696
1983 . . .	567	76	986
1982 . . .	561	80	949
1981 . . .	541	86	849

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1985	$ 9,382,282	$ 85,526
1984*	9,236,529	94,631
1983	8,388,155	105,400
1982	7,972,973	92,228
1981	7,133,676	95,452

	No. of Com. Shares	Earn. per Share #
1985	51,043,348	$ 1.67
1984*	50,850,678	1.84
1983	50,739,660	2.05
1982	50,599,005	1.80
1981	50,211,072	1.88

* 53 weeks.
+ Of continuing operations only.
# Based on the weighted average number of common shares outstanding.

Revenue By Line of Business

	1985 (000's)	%	1984 (000's)	%
Food stores	$6,225,300	66.3%	$6,206,600	67.2%
Dept. stores	2,428,100	25.9	2,326,200	25.2
Specialty stores	728,900	7.8	703,700	7.6
Total	$9,382,300	100%	$9,236,500	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.16	—	—
1984	1.16	—	—
1983	1.16	—	—
1982	1.16	—	—
1981	1.13	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 636,362,000	$ 12.47
1984	609,442,000	11.98
1983	573,619,000	11.31
1982	526,400,000	10.40
1981	491,127,000	9.78

Income Account
(000's)

Year ended	2/2/86	2/3/85
Net sales	$ 9,382,282	$ 9,236,529
Cost of sales	7,146,932	7,111,514.
Expenses	1,951,969	1,836,748
Depreciation & amortization	103,084	87,223
Interest expense	32,236	27,627
Income before taxes	$ 148,061	$ 173,417
Income taxes	61,535	78,786
Net Income	$ 86,526	$ 94,631

Assets
(000's)

As of	2/2/86	2/3/85
Cash & short term securities	$ 12,742	$ 119,406
Receivables	70,381	60,743
*Inventories	793,193	688,520
Prepaid expenses & leases	36,799	29,692
Prop. for sale or leaseback	50,041	76,797
Current Assets	$ 963,156	$ 975,158
#Fixed assets	815,447	660,451
Prop. under cap. leases	112,186	123,904
Other assets	28,724	28,695
Intangibles	12,947	13,551
Total Assets	$ 1,932,460	$ 1,801,759

Liabilities
(000's)

	2/2/86	2/3/85
Long-term debt, curr.	$ 14,789	$ 14,205
Accts. payable	443,778	404,822
Accruals	269,387	232,128
Income taxes	14,536	26,203
Curr. Liabilities	$ 742,490	$ 677,358
Long-term debt	239,701	231,903
Workers' comp. claims	101,140	56,551
Cap. lease oblig.	140,066	152,466
Deferred inc. taxes	52,840	56,639
+ Redeem. pref. stock	19,861	17,400
+ + Common stock	63,804	63,563
Add. paid-in capital	198,017	194,854
Retained earnings	374,541	351,025
Total Liabilities & Shareholders' Equity	$ 1,932,460	$ 1,801,759

* At LIFO cost.
# Less accumulated depreciation.
+ No par value.
+ + $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.58	1.88
%Net Income to Sales	0.92	1.02
%Net Income to Equity	13.60	15.53
Sales to Inventories	11.83	13.42
Debt to Equity	0.62	0.65
Working Capital	$220,666,000	$297,800,000
Current Ratio	1.30	1.44
Shareholders' Equity	$636,362,000	$609,442,000

L. Luria & Son, Inc.

5770 Miami Lakes Drive
Miami Lakes, Florida 33014
(305) 557-9000

Officers: Leonard Luria, president, treasurer & chief executive officer; Jose M. Lopez, v.p. & controller; Peter Luria, v.p.-general merchandise; Russ Hutchings, v.p.-operations; Henry S. Luria, v.p.-jewelry merchandise; John M. Mann, v.p.-finance & chief financial officer.

L. Luria & Son, Inc.

Directors: Leonard Luria, David Brawer, Jose M. Lopez, Peter Luria, Sydney A. Luria, Edwin D. Marks, Carlos J. Arboleya, Harold Wolfson, Harry Diven, Jr.

Business Activities: Operates a chain of catalog showrooms throughout the state of Florida. The product mix includes jewelry, watches, silver, gift items, luggage and home electronic equipment.

Transfer Agent(s):

Barnett Banks Trust Company, N.A.
Jacksonville, Florida

Stock Exchange(s): American

Ticker Symbol: LUR

Number of Stores: (at fiscal year end)

1985	35	1982	26
1984	32	1981	19
1983	30		

Sales and Earnings

	Net Sales	Net Income
1985	$ 148,190,591	$ 5,431,150
1984	145,228,602	6,836,810
1983	123,836,350	5,555,829
1982	108,906,993	4,622,376
1981	90,599,250	3,201,560

	No. of Com. Shares ‡	Earn. per Share ‡
1985	5,457,769	$ 1.00
1984	5,438,256	1.26
1983	5,199,884	1.07
1982	4,634,856	1.00
1981	4,344,815	0.74

‡ Based on the weighted average number of common shares outstanding, adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	—	—
1984	—	3%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 52,503,647	$ 9.62
1984	46,709,014	8.59
1983	39,874,200	7.67
1982	25,401,589	5.48
1981	20,779,213	4.78

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended	6/29/85	6/30/84
Net sales	$ 148,190,591	$ 145,228,602
Cost of sales	99,932,003	97,734,073
Expenses	38,595,810	35,175,742
Interest exp. (income)	162,628	(130,023)
Income before taxes	$ 9,500,150	$ 12,448,810
Income taxes	4,069,000	5,612,000
Net Income	$ 5,431,150	$ 6,836,810

* Included in Costs and Expenses, Depreciation: $1,958,135 in 1985 and $1,564,518 in 1984.

Assets

As of	6/29/85	6/30/84
Cash & short-term invest.	$ 4,517,220	$ 3,495,119
Accts. receiv., net	616,079	417,736
*Inventories	51,657,256	57,980,561
Prepaid expenses	569,180	603,993
Current Assets	$ 57,359,735	$ 62,497,409
#Fixed assets	18,347,226	16,951,738
Other assets	287,920	259,042
Total Assets	$ 75,994,881	$ 79,708,189

Liabilities

Notes payable	$ 723,715	$ 2,154,808
Long-term debt, curr.	30,221	27,560
Accts. payable	16,879,929	25,169,654
Accruals	2,277,385	2,585,031
Curr. Liabilities	$ 19,911,250	$ 29,937,053
Mortgage note payable	1,295,952	1,326,173
Deferred credits	2,284,032	1,735,949
+Common stock	54,621	54,383
Add. paid-in capital	18,257,681	17,894,436
Retained earnings	34,191,345	28,760,195
Total Liabilities & Shareholders' Equity	$ 75,994,881	$ 79,708,189

* At cost (LIFO) for diamonds and jewelry. All others at lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.41	8.57
%Net Income to Sales	3.66	4.71
%Net Income to Equity	10.34	14.64
Sales to Inventories	2.87	2.50
Debt to Equity	0.04	0.08
Working Capital	$37,448,485	$32,560,356
Current Ratio	2.88	2.09
Shareholders' Equity	$52,503,647	$46,709,014

Luskin's, Inc.

7540 Washington Boulevard
Baltimore, Maryland 21227
(301) 799-9000

Officers: Jack Luskin, chairman & chief exec. officer; Cary A. Luskin, president & chief operating officer; Kevin E. Luskin, v.p. & secretary; William F. Love, Jr., treasurer; Arnold Snyder, director of sales & marketing.

Directors: Jack Luskin, chairman of the board; Cary A. Luskin, Kevin E. Luskin, Isaac M. Neuberger, Melvin Berger.

Business Activities: Operates 53 specialty retail stores which sell a wide variety of home entertainment and consumer electronic products and major appliances under the Luskin's, Tokyo Shapiro, Hi Fi Buys, and Buyys names, in six states and the District of Columbia.

Acquisition(s):

Sound and Sight, Inc.
Indianapolis, Indiana

Operates eleven home entertainment and consumer electronics stores under the names Hi Fi Buys and Buyys, in Indiana, Michigan, and Kentucky.

Transfer Agent(s):

Maryland National Bank
Baltimore, Maryland

Stock Exchange(s): Over-the-Counter

Ticker Symbol: LUSK (NASDAQ)

Number of Stores: (at fiscal year end)

1985	53	1984	31

Sales and Earnings

	Net Sales	Net Income †
1985*	$ 22,240,000	$ 859,000
1984	89,987,000	4,233,000
1983	71,677,000	3,551,000
1982	53,087,000	908,000
1981	39,855,000	179,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1985*	4,500,000	$ 0.19
1984	4,500,000	0.94
1983	4,500,000	0.79
1982	4,500,000	0.20
1981	4,500,000	0.04

* 13 weeks.
† Including extraordinary gain of $227,000 ($0.05 per share) in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 12,149,000	$ 2.70
1984	11,289,000	2.51
1983	7,056,000	1.57
1982	3,506,000	0.78
1981	2,598,000	0.58

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	3/30/85 + (13 weeks)	12/31/84
Net sales	$ 22,240,442	$ 89,987,299
Other income	230,516	987,746
Total income	$ 22,470,958	$ 90,975,045
Cost of sales	16,282,132	67,087,461
Expenses	4,625,333	16,023,704
Interest expense	3,222	47,217
Other income	(95,057)	(215,604)
Income before taxes	$ 1,655,328	$ 8,032,267
Income taxes	796,000	3,799,375
Net Income	$ 859,328	$ 4,232,892

* Included in Costs and Expenses, Depreciation and Amortization: $148,225 in 1985 and $485,245 in 1984.
+ Unaudited.

Assets

As of	3/30/85 †	12/31/84
Cash	$ 5,230,114	$ 8,058,662
Accts. receiv., net	1,562,639	2,107,782
*Inventories	20,034,403	15,066,627
Prepaid expenses	306,533	283,071
Current Assets	$ 27,133,689	$ 25,516,142
#Fixed assets	1,531,777	1,559,220
Other assets	106,897	107,395
Intangibles	207,333	265,832
Total Assets	$ 28,979,696	$ 27,448,589

Liabilities

Bank overdraft	$ 2,674,324	$ —
Long-term debt, curr.	49,457	46,850
Accts. payable	9,147,207	10,507,575
Accruals	705,606	773,820
Income taxes	1,560,114	1,298,514
Deferred income taxes	1,160,000	1,808,055
Future serv. costs	501,358	516,378
Curr. Liabilities	$ 15,798,066	$ 14,951,192
Long-term debt	142,286	169,326
Future serv. costs	250,678	258,188
Deferred inc. taxes	275,868	364,413
Exc. of acq. assets over purch. price	364,095	416,095
+Common stock	45,000	45,000
Retained earnings	12,103,703	11,244,375
Total Liabilities & Shareholders' Equity	$ 28,979,696	$ 27,448,589

† Unaudited.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.44	8.93
%Net Income to Sales	3.86	4.70

%Net Income to Equity	7.07	37.49
Sales to Inventories	1.11	5.97
Debt to Equity	0.02	0.02
Working Capital	$11,335,623	$10,564,950
Current Ratio	1.72	1.71
Shareholders' Equity	$12,148,703	$11,289,375

Macrose Industries Corporation

5600 Sunrise Highway
P.O. Box 343
Massapequa, New York 11758
(516) 798-9004

Officers: Milton Paulenoff, chairman; Alan Rosenthal, president; Marc Paulenoff, v.p.-secretary; Raymond Burke, v.p.-Retail Div.; David Kyte, v.p.-Canadian division.

Directors: Milton Paulenoff, chairman; Alan Rosenthal, Marc Paulenoff.

Business Activities: Engages in the wholesale and retail sale of lumber, building materials, and related items in New York. Its hardwood division sells lumber nationally as well as in Canada and Europe.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MCOS (NASDAQ)

Sales and Earnings

	Net Sales	Net Income †
1985	$ 9,010,471	$ (209,910)
1984	8,215,893	20,886
1983	7,364,130	(440,860)
1982	7,781,271	(167,778)
1981	6,897,090	220,983

	No. of Com. Shares #	Earn per Share #†
1985	1,039,455	$ —
1984	1,027,455	0.02
1983	1,036,866	—
1982	1,033,705	—
1981	1,032,768	0.21

(Loss)
† Including extraordinary credit of $4,000 in 1984 and extraordinary loss of $167,498 in 1985.
# Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 944,550	$ 0.92
1984	1,150,710	1.12
1983	1,129,824	1.10
1982	1,574,434	1.51
1981	1,737,712	1.69

‡ Based on the average number of shares outstanding.

Income Account *

Year ended	2/28/85	2/29/84
Net sales	$ 9,010,471	$ 8,215,893
Cost of sales	6,647,805	5,976,313
Expenses	2,213,033	2,015,469
Interest expense	224,481	210,734
Eq. in (inc.) of 50% owned subsid.	(35,436)	(11,509)
Inc. (loss) bef. taxes	$ (39,412)	$ 24,886
Income taxes	3,000	8,000
Net Income (Loss)	$ (42,412)	$ 16,886
Extraordinary item	(167,498)	4,000
Net Income (Loss) & extraord. item	$ (209,910)	$ 20,886

* Included in Costs and Expenses, Depreciation and Amortization: $109,959 in 1985 and $117,916 in 1984.

Assets

As of	2/28/85	2/29/84
Cash	$ 174,674	$ 238,599
Accts. receiv., net	552,533	506,818
Notes receiv.	8,776	7,788
*Inventories	2,185,981	1,858,977
Refund. inc. taxes	4,783	51,471
Other assets	203,046	175,890
Current Assets	$ 3,128,893	$ 2,839,543
#Fixed assets	995,416	1,049,389
Other assets	251,150	195,903
Total Assets	$ 4,375,459	$ 4,084,835

Liabilities

Notes payable	$ 759,391	$ 492,267
Long-term debt, curr.	161,655	133,223
Accts. payable	1,186,033	1,046,524
Accruals	158,220	141,370
Curr. Liabilities	$ 2,265,299	$ 1,813,384
Long-term debt	1,165,610	1,120,741
+Common stock	42,578	42,098
Add. paid-in capital	1,044,216	1,040,946
Retained earn. (deficit)	(132,244)	77,666
Treasury stock	(10,000)	(10,000)
Total Liabilities & Shareholders' Equity	$ 4,375,459	$ 4,084,835

* At lower of cost (FIFO) or markets.
# Less accumulated depreciation and amortization.
+ $0.04 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.30
%Net Income to Sales	—	0.21
%Net Income to Equity	—	1.47
Sales to Inventories	4.12	4.42
Debt to Equity	2.21	1.52
Working Capital	$863,594	$1,026,159
Current Ratio	1.38	1.57
Shareholders' Equity	$944,550	$1,150,710

R.H. Macy & Co., Inc.

151 West 34th Street
New York, New York 10001
(212) 560-3600

Officers: Edward S. Finkelstein, chairman of the board & chief executive officer; Mark S. Handler, president & chief operating officer; senior vice presidents: Donald Eugene-finance & operations administration, Nat Kurtz-taxes, James O. York-planning and development, Gertrude G. Michelson-external affairs, Richard A. Wall-control, Theodore M. Ronick-corporate buying, Michael W. Stemen-store planning, design & construction, A. David Brown-personnel & labor relations, Marvin Fenster-special counsel & secretary, Herbert M. Hellman, gen. counsel; chief executive officers of retail store groups: Arthur E. Reiner-Macy's New York, Robert N. Friedman-Bamberger's, Harold D. Kahn-Macy's California, Herbert Friedman-Macy's Atlanta.

Directors: Stephen M. DuBrul, Jr.*, James O. York, J. Richardson Dilworth*, Edward S. Finkelstein*, Lawrence E. Fouraker*, Mark S. Handler*, Donald B. Smiley*, Kenneth H. Straus, Beverly Sills Greenough, Harold A. Shaub, Martha Peterson, Barbara S. Preiskel, Robert G. Schwartz*, Herbert Freidman, Robert Freidman, Arthur E. Reiner, Robert G. Stone, Jr.

* Member of the Executive Committee.

Business Activities: Operates a chain of department stores.

Divisions:

Bamberger's
131 Market Street
Newark, New Jersey 07101
(201) 565-1234

Macy's California
Stockton & O'Farrell Streets
San Francisco, California 94119
(415) 397-3333

Macy's Atlanta
180 Peachtree Street
Atlanta, Georgia 30303
(404) 221-7221

R.H. Macy Corporate Buying
151 West 34th Street
New York, New York 10001

R.H. Macy Properties
151 West 34th Street
New York, New York 10001

Macy's New York, Inc.
Herald Square
New York, New York 10001
(212) 695-4400

Macy Credit Corp.
151 West 34th Street
New York, New York 10001
(212) 279-9829

R.H. Macy Store Planning, Design and Construction
New York, New York

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
One New York Plaza
New York, New York 10081

Stock Exchange(s): New York, Pacific

Ticker Symbol: MZ

Number of Stores: (at fiscal year end)

1985	95	1982	92
1984	96	1981	92
1983	93		

Sales and Earnings †

	Net Sales ‡ (000's)	Net Income (000's)
1985*	$ 4,368,386	$ 189,315
1984	4,065,139	221,805
1983	3,468,144	186,678
1982	2,979,391	135,571
1981	2,656,689	118,739

	No. of Com. Shares +	Earn. per Share ‡‡
1985	51,342,128	$ 3.69
1984	51,000,220	4.37
1983	50,340,670	3.72
1982	49,644,589	2.74
1981	49,085,781	2.43

*53 weeks.
+ Adjusted to reflect stock splits.
‡ Includes licensed departments.
‡‡ Based on the average number of common shares outstanding adjusted to relect stock splits.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1985	$1.10	—	—
1984	0.92	—	—
1983	0.73⅓	—	3-for-2
1982	0.62½	—	2-for-1
1981	0.54⅙	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity#	Equity Per Share †
1985	$1,305,530,000	$ 25.43
1984	1,152,202,000	22.59
1983	954,956,000	18.97
1982	784,775,000	15.81

1981	676,413,000	13.7%

# After allowing for preferred stock Series A at a redemption value of $107.50 per share.
† Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	8/3/85 (53 weeks)	7/28/84
Net sales	$ 4,368,386	$ 4,065,139
Cost of sales	2,959,666	2,744,690
Expenses	953,389	817,509
Other income	(19,111)	(16,088)
Interest expense	101,995	81,492
Income before taxes	$ 372,447	$ 437,536
Income taxes	183,132	215,731
Net Income	$ 189,315	$ 221,805

* Included in Costs and Expenses. Depreciation: $103,176,000 in 1985 and $88,970,000 in 1984.

Assets
(000's)

As of	8/3/85	7/28/84
Cash	$ 21,887	$ 71,661
Accts. receiv., net	31,986	58,347
Other receiv.	62,293	43,840
*Inventories	828,337	756,553
Prepaid expenses	34,555	24,498
Current Assets	$ 979,058	$ 954,899
#Fixed Assets	1,093,746	943,998
Other assets	283,811	247,546
Total Assets	$ 2,356,615	$ 2,146,443

Liabilities
(000's)

Long-term debt, curr.	$ 12,194	$ 12,219
Accts. payable & accruals	466,623	412,284
Income taxes	204,454	217,321
Cap. lease. oblig., curr.	3,668	3,343
Curr. Liabilities	$ 686,939	$ 645,167
Long-term debt	134,221	132,070
Defer. compensation	30,670	27,776
Other deferred credits	17,929	20,028
Deferred inc. taxes	82,825	63,926
Defer. investment credit	31,501	26,014
Cap. lease oblig.	50,514	62,774
+ Preferred stock: 4¼% Series A	15,336	15,336
+ + Common stock	71,357	71,258
Add. paid-in capital	132,468	115,659
Retained earnings	1,116,475	983,398
Treasury stock	(4,989)	(3,821)
Deferred compens.	(8,631)	(13,142)
Total Liabilities & Shareholders' Equity	$ 2,356,615	$ 2,146,443

* Determined by the retail inventory method using LIFO cost for 71% of inventory; remainder at lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $100 par value
+ + $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.53	10.76
%Net Income to Sales	4.33	5.46
%Net Income to Equity	14.32	18.98
Sales to Inventories	5.27	5.37
Debt to Equity	0.15	0.18
Working Capital	$ 292,119,000	$ 309,732,000
Current Ratio	1.43	1.48
Shareholders' Equity	$1,322,016,000	$1,168,688,000

Manhattan Industries, Inc.

Corporate Offices:

1155 Avenue of the Americas
New York, New York 10036
(212) 221-7500

Administrative Offices:

25 DeBoer Drive
Glen Rock, New Jersey 07452
(201) 447-2000

Officers: Laurence C. Leeds, Jr., chairman of the board & chief exec. officer; Nicholas P. DiPaolo, president & chief operating officer; Donald H. Kallman, vice chairman of the board, exec. v.p. & chairman of the executive committee; Samuel M. Miller, v.p., secretary, treasurer & controller; Bruce P. Fogwell, v.p.-advertising & public relations; Zachary Soloman, exec. v.p.

Directors: Roy M. Goodman, Thomas Hoving, Donald H. Kallman*, Harvey N. Krueger, E. John Rosenwald, Jr., Laurence C. Leeds, Jr.*, Jack Lyons, Irving Matthews, Vera Neumann, Irving Silverman, Carl Spielvogel, Louis C. Stengel, Jr.*, Nicholas P. DiPaolo*, Zachary Solomon*

* Member of the Executive Committee.

Business Activities: Manufactures and retails men's and women's apparel. The Apparel Division consists of three companies manufacturing men's wear and two companies manufacturing women's wear. The Retail Division is composed of three regional groups with 92 stores. The Company's International Division represents Manhattan Industries around the world with 32 Manhattan licensees operating in 45 countries. The major specialty store, Frost Brothers, Inc., in San Antonio, Texas, has 13 stores. The 27 stores operated by Manhattan Ward, Inc., located in Pennsylvania, New Jersey, Maryland and Delaware, sell men's clothing and furnishings; these stores are called The Hub. The 52 stores operated by Manhattan Factory Outlet sell men's and women's wear and domestic furnishings in the Northeast and South.

Divisions and Subsidiaries:

Apparel Division:

Men's Wear

The Manhattan Shirt Company
1155 Avenue of the Americas
New York, New York 10036
Manufactures and sells men's shirts, sportshirts, sport knits and pajamas. Manufacturing plants: Americus, Georgia.

Manhattan Accessories Division
1155 Avenue of the Americas
New York, New York 10036
Manufactures and sells men's neckwear, scarves and mufflers, belts and small leather goods.

John Henry for Men
1155 Avenue of the Americas
New York, New York 10036
Markets men's shirts, sportshirts and accessories.

Henry Grethel For Men
1155 Avenue of the Americas
New York, New York 10036
Markets designer sportswear, shirts and furnishings.

Morgan Shirt Corporation
Morgantown, West Virginia
Manufactures men's shirts.

Women's Wear

MI Designer Group

Anne Klein for New Aspects
1411 Broadway
New York, New York 10018
Manufactures and sells women's blouses.

The Lady Manhattan Company
1407 Broadway
New York, New York 10018
(212) 265-3700
Manufactures and sells blouses. Mfg. plants: Scranton, Pennsylvania.

The Vera Companies
417 Fifth Avenue
New York, New York 10016
Manufactures and sells women's sportswear, dresses, scarves and table linens. Mfg. plants: Puerto Rico and Grafton, West Virginia.

John Henry for Women
1411 Broadway
New York, New York 10018
Markets women's shirts and tops.

Manhattan Dress Division
1400 Broadway
New York, New York 10018
Manufactures and markets John Henry, Peter Ashley, and Lanvin dresses.

Henry Grethel For Women
1411 Broadway
New York, New York 10018
Markets women's shirts, tops and sportswear.

Perry Ellis Division
575 Seventh Avenue
New York, New York
Designs and markets women's sportswear.

Retail Division:

Frost Bros., Inc.
217 East Houston Street
San Antonio, Texas 78295
(512) CA 6-7131

Manhattan-Ward, Inc.
550 Brook Road
Conshohocken, Pennsylvania 19428
(215) 925-3700

Manhattan Factory Outlet
1501 Broadway
Fair Lawn, New Jersey 07410
(201) 799-8660

Licensing Division:

Manhattan Licensing
1155 Avenue of the Americas
New York, New York 10036

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
New York, New York

Stock Exchange(s): New York

Ticker Symbol: MHT

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 471,549	$ (11,008)
1985	520,688	1,124
1984	432,992	11,547
1983	394,654	7,525
1982	377,772	9,715

	No. of Com. Shares ‡	Earn. per Share ‡
1986	4,847,000	$ —
1985	4,707,000	0.21
1984	3,984,000	2.78
1983	3,685,000	1.85
1982	3,519,000	2.53

(Loss)
‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1986	1985
Apparel manufacturing	$ 315,833,000	$ 366,083,000
Specialty store retailing	170,183,000	170,214,000
Inter-company sales	(14,467,000)	(15,609,000)
Total	$ 471,549,000	$ 520,688,000

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.25	4%	—
1985	0.30	4%	—
1984	0.30	4%	—
1983	0.30	4%	—
1982	0.30	4%	—

‡ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity ‡	Equity Per Share #
1986	$ 70,987,000	$ 14.65
1985	83,040,000	17.64
1984	72,721,000	18.25
1983	59,987,000	16.28
1982	53,337,000	15.16

‡ After allowing for convertible preferred stock at involuntary liquidation value.
# Based on the average number of shares outstanding adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended Jan. 31	1986	1985
Net sales	$ 471,549	$ 520,688
Cost of sales	341,105	374,682
Expenses	128,205	135,866
Royalty & other income	(6,509)	(5,020)
Interest expense	14,056	14,936
Bus. realign. charges	16,800	—
Inc. (loss) bef. taxes	$ (22,108)	$ 224
Tax credit	(11,100)	(900)
Net Income (Loss)	$ (11,008)	$ 1,124

* Included on Costs and Expenses, Depreciation and Amortization: $7,521,000 in 1986 and $5,979,000 in 1985.

Assets
(000's)

As of Jan. 31	1986	1985
Cash	$ 2,130	$ 4,810
Accts. receiv. net	48,662	49,921
*Inventories	104,118	129,252
Prepaid expenses	4,709	4,548
Current Assets	$ 159,619	$ 188,531
Investments & other assets	3,604	4,480
#Fixed assets	46,885	44,542
Prop. under cap. leases	3,430	3,903
Total Assets	$ 213,538	$ 241,456

Liabilities
(000's)

	1986	1985
Notes payable	$ 31,788	$ 33,094
Long-term debt, curr.	7,244	2,963
Accts. payable	43,004	43,021
Income taxes	—	4,042
Curr. Liabilities	$ 82,036	$ 83,120
Long-term debt	49,754	56,461
Cap. lease oblig.	3,518	4,020
Deferred inc. taxes	4,228	11,096
Other liabilities	2,453	3,157
+ Preferred stock	562	562
+ Common stock	4,857	4,647
Add. paid-in capital	47,926	45,218
Retained earnings	18,204	33,175
Total Liabilities & Shareholders' Equity	$ 213,538	$ 241,456

* At lower of cost (average method for manufacturing operations and retail method for retail store operations) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.04
%Net Income to Sales	—	0.22
%Net Income to Equity	—	1.34
Sales to Inventories	4.53	4.03
Debt to Equity	1.29	1.15
Working Capital	$77,583,000	$105,411,000
Current Ratio	1.95	2.27
Shareholders' Equity	$71,549,000	$83,602,000

Marks & Spencer Canada Inc.

Registered Office:
5590 Royalmount Avenue
Town of Mount Royal
Quebec, H4P 1J2
Canada
(514) 731-7554

Executive Office:
3770 Nashua Drive
Mississauga, Ontario L4T 3R1
Canada
(416) 676-1910

Officers: The Lord Rayner, chairman; Malcolm G. Hobbs, president & chief exec. officer; Darrel A. Hayes, treasurer; P. Andre Gervais, secretary; James H. McPake, sr. exec.

Directors: Lord W. Laird, R. Andre Gervais, The Lord Rayner, Marcus Sieff, Darrel A. Hayes, Donald M. Deacon, James H. McPake, Malcom G. Hobbs.

Areas of Work: Operates a chain of retail stores across Canada, through three divisions. Marks & Spencer Division operates a retail chain specializing in family clothing, household textiles and food specialities (all under the "St. Michael" brand). Peoples Division operates a medium to low priced junior department store chain. D'Allaird's Division operates a chain of women's apparel stores.

Transfer Agent(s):

The Canada Trust Company
Montreal, Quebec, Canada
Toronto, Ontario, Canada

Stock Exchange(s): Montreal, Toronto

Ticker Symbol: MKS

Number of Stores: (at fiscal year end)

1986	243	1983	209
1985	227	1982	203
1984	213		

Sales and Earnings

	Net Sales	Net Income ‡
1985	$ 336,274,000	$ 9,942,000
1984	295,331,000	7,542,000
1983	276,648,000	7,646,000
1982	251,141,000	4,855,000
1981	226,324,000	4,721,000

	No. of Com. Shares †	Earn. per Share ‡ +
1985	10,575,243	$ 0.94
1984	10,567,095	0.71
1983	10,544,372	0.73
1982	10,467,452	0.46
1981	10,460,342	0.45

‡ Including extraordinary gain of $1,250,000 ($0.13 per share) in 1981.
† Adjusted to reflect stock split.
+ Based on the weighted average number of shares outstanding during each year adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.20	—	—
1984	0.28	—	2-for-1
1983	0.15	—	—
1982	0.10	—	—
1981	0.10	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1985	$ 47,474,000	$ 4.49
1984	39,646,000	3.75
1983	35,010,000	3.32
1982	28,564,000	2.73
1981	24,722,000	2.36

‡ After allowing for preferred stock at stated value.
† Adjusted to reflect stock split.

Income Account
(000's)

Year ended Jan. 31	1986	1985
Net sales	$ 336,274	$ 295,331
Cost of sales & expenses	280,008	249,320
Rent expense	27,788	24,369
Depreciation & amortization	6,975	6,138
Write-down of inventory	1,000	—
Interest expense	1,722	1,912
Corp. exp.	1,194	750
Income before taxes	$ 17,587	$ 12,842
Income taxes	7,645	5,300
Net Income	$ 9,942	$ 7,542

Assets
(000's)

As of Jan. 31	1986	1985
Cash & short-term deposits	$ 1,783	$ 9,451
Accts receiv., net	1,181	1,036
*Inventories	59,806	60,338
Prepaid expenses & other assets	2,618	1,930
Current assets	$ 65,388	$ 72,755
#Fixed assets	58,871	52,565
Other assets	1,385	1,380
Total Assets	$ 125,644	$ 126,700

Liabilities
(000's)

	1986	1985
Bank advances	$ 8,320	$ 18,483
Accts. payable	24,533	26,384
Taxes payable	3,557	137
Curr. Liabilities	$ 36,410	$ 45,004
Loan payable	35,000	35,000
Deferred inc. taxes	3,260	3,550
+ Preferred stock	3,500	3,500
+ + Common stock	10,165	10,165
Retained earnings	37,309	29,481
Total Liabilities & Shareholders' Equity	$ 125,644	$ 126,700

* At lower of cost and net realizable value, less normal profit margin as determined by the retail method of inventory valuation.
# Less accumulated depreciation and amortization.
+ No par value.
+ + No par value.

Statistical Summary

%Income bef. Taxes to Sales	5.23	4.35
%Net Income to Sales	2.96	2.55
%Net Income to Equity	19.50	17.48
Sales to Inventories	5.62	4.89
Working Capital	$28,978,000	$27,751,000
Current Ratio	1.80	1.62
Shareholders' Equity	$50,974,000	$43,146,000

Mars Stores, Inc.

(formerly Mars Bargainland, Inc.)

680 Spring Street
North Dighton, Massachusetts 02764
(617) 822-1500

Officers: Matthew Tatelbaum, chairman of the board; Paul Kwasnick, president & chief exec. officer; Leonard Oppenheimer, v.p.-operations; Paul Glaser, v.p.-soft goods merchandise; David Tatelbaum, v.p.-hard goods mdse.; Frank DelToro, v.p.-sales promotion; James M. Lynch, v.p.-finance & treasurer; Benjamin H. Lacy, clerk.

Directors: Matthew Tatelbaum*, chairman; Samuel Katz*, Ira R. Tatelbaum, Harvey Krentzman, Benjamin Lacy, Paul Kwasnick*, Allan M. Glick, Robert C. Hussey, Mark S. Albion, Calvin Siegal.

* Member of the Executive Committee.

Areas of Work: Operates self-service discount department stores in New England, under the names of Mars Stores, Big Valley Outlets, and Gaynes Stores.

Transfer Agent(s):

State Street Bank & Trust Company
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MXXX (NASDAQ)

Number of Stores: (at fiscal year end)

1985	30	1982	7
1984	21	1981	7
1983	12		

Sales and Earnings

	Net Sales	Net Income
1985	$ 99,883,641	$ 870,622
1984	65,443,630	1,335,192
1983	38,114,444	762,177
1982	25,285,820	424,657
1981	23,133,515	347,732

	No. of Com. Shares	Earn. per Share ‡
1985	2,174,700	$ 0.42
1984	1,620,250	0.81
1983	1,557,750	0.61
1982	1,076,500	0.39
1981	1,026,500	0.34

‡ Including extraordinary credits of $125,000 ($0.11 per share) in 1982 and $41,000 ($0.04 per share) in 1981.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 13,809,549	$ 6.35
1984	6,975,825	4.30
1983	5,725,504	3.68
1982	2,871,868‡	2.67
1981	2,411,111‡	2.35

‡ After allowing for preferred stock at redemption value of $105 per share.

Income Account *

Year ended	1/25/86	1/26/85
Net sales	$ 99,883,641	$ 65,443,630
Other income	1,665,869	1,009,760
Total Income	$ 101,549,510	$ 66,453,390
Cost of sales	70,767,890	45,497,177
Expenses	28,882,339	18,192,751
Interest expense	794,659	438,270
Income before taxes	$ 1,104,622	$ 2,325,192
Income tax	234,000	990,000
Net Income	$ 870,622	$ 1,335,192

* Included in Costs and Expenses, Depreciation and Amortization: $830,806 in 1985 and $543,362 in 1984.

Assets

As of	1/26/86	1/26/85
Cash	$ 242,093	$ 2,214,592
*Inventories	21,198,435	14,921,418
Refundable income taxes	855,415	—
Other curr. assets	1,695,160	566,642
Current Assets	$ 23,991,103	$ 17,702,652
#Fixed assets	8,443,978	4,294,492
Other assets	1,130,334	1,124,521
Total Assets	$ 33,565,415	$ 23,121,665

Liabilities

Long-term debt, curr.	$ 1,003,706	$ 435,714
Cap. lease oblig., curr.	100,000	163,000
Accts. payable & accruals	9,771,621	8,177,070
Compensation & related taxes	700,728	488,091
Other taxes	386,077	180,523
State income taxes	—	383,920
Curr. Liabilities	$ 11,962,132	$ 9,828,318
Long-term debt, curr.	6,583,734	5,203,522
Cap. lease oblg.	700,000	800,000
Def. inc. taxes	510,000	314,000
+Common stock	1,088,350	811,125
Add. paid-in capital	8,781,490	3,095,613
Retained earnings	3,942,209	3,071,587
Treasury stock	(2,500)	(2,500)
Total Liabilities & Shareholders' Equity	$ 33,565,415	$ 23,121,665

* At lower of cost (FIFO) or market, determined by the retail inventory method.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income before Taxes to Sales	1.11	3.55
%Net Income to Sales	0.87	2.04
%Net Income to Equity	6.30	19.14
Sales to Inventories	4.71	4.38
Debt to Equity	0.56	0.83
Working Capital	$12,028,971	$7,874,334
Current Ratio	2.01	1.80
Shareholders' Equity	$13,809,549	$6,975,825

Marsh Supermarkets, Inc.

P.O. Box 155
501 Depot Street
Yorktown, Indiana 47396
(317) 759-8101

Officers: William P. Givens, chairman of the board; Don E. Marsh, president & chief exec. officer; C. Alan Marsh, president & chief operating officer; William L. Marsh, v.p. & gen. mgr.-property mgmt.; Donald M. Rix, v.p.-merchandising; Ronald R. Walicki, v.p. & gen. mgr.-supermarket division; P. Lawrence Butt, v.p., secretary & counsel; Porter Eckerty v.p.-supermarket operations; Kenneth D. Kelly, v.p.-warehousing & transportation; John S. Hayford, v.p.-finance and treasurer; John W. Laboda, v.p.-Management Information Systems and Services; Ronald P. Stolz, assistant v.p.-administration; Mary B. Needler, asst. secretary & asst. treasurer; David M. Redden, v.p.-personnel; Lois A. Gross, asst. secretary.

Directors: Jack E. Buckles, William P. Givens, Don E. Marsh, Estel V. Marsh, C. Alan Marsh, Garnet Marsh, Charles R. Clark, Stephen M. Huse, Durwood S. Doyle, James K. Risk, III.

Areas of Work: Operates supermarkets, combination food and drug stores, and Village Pantry convenience stores in Indiana and Ohio. In addition, the company operates 9 drug stores in its supermarkets and a greenhouse business which supplies potted plants sold in flower departments of its stores.

Divisions and Subsidiaries:

Village Pantry Division
Supermarket Division
Drug Division

All at:
Yorktown, Indiana 47396
(317) 759-8101

Subsidiaries:

Mundy Realty, Inc.
Marsh Village Pantries, Inc.
Mar Properties, Inc.
Marlease, Inc.
American Guaranty Corporation
Maraines Greenery, Inc.
Micron Restaurant Equipment and Supply

All at:
Yorktown, Indiana 47396
(317) 759-8101

Convenience Store
Distributing Company

Transfer Agent(s):

The Indiana National Bank
Indianapolis, Indiana

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MARS (NASDAQ)

Number of Stores: (at fiscal year end)

	Super-Markets	Village Pantrys
1986	75	175
1985	74	154
1984	74	142
1983	76	140
1982	70	131

Sales and Earnings

	Net Sales	Net Income
1986	$ 718,506,000	$ 6,433,000
1985	671,187,000	4,716,000
1984	638,593,000	1,624,520
1983	598,056,000	4,582,506
1982	561,541,000	7,182,470

	No. of Com. Shares	Earn. per Share †
1986	3,336,113	$ 1.73
1985	3,727,929	1.26
1984	3,737,029	0.43
1983	3,717,629	1.29
1982	3,252,629	2.21

‡ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.51	—	—
1985	0.48	—	—
1984	0.48	—	—
1983	0.48	—	—
1982	0.42	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 45,479,000	$ 13.63
1985	47,537,000	12.75
1984	44,337,813	11.86
1983	44,177,011	11.88
1982	36,089,014	11.10

Income Account *

Year ended	3/29/86	3/30/85
Net sales	$ 718,506,000	$ 671,187,000
Other income	5,287,000	3,876,000
Total income	$ 723,793,000	$ 675,063,000
Cost of sales	565,480,000	531,408,000
Expenses	143,409,000	131,644,000
Interest expense	5,535,000	5,646,000
Income before taxes	$ 9,369,000	$ 6,365,000
Income taxes	2,936,000	1,649,000

Net Income	$ 6,433,000	$ 4,716,000

* Included in Costs and Expenses, Depreciation and Amortization: $8,953,000 in 1986 and $8,161,000 in 1985.

Assets

As of	3/29/86	3/30/85
Cash & temp. invest.	$ 11,543,000	$ 7,164,000
Emp. benefit	1,188,000	4,850,000
Accts. & notes receiv., net	7,055,000	4,887,000
*Inventories	43,168,000	40,295,000
Prepaid expenses	1,426,000	1,313,000
Current Assets	$ 64,380,000	$ 58,509,000
#Fixed assets	68,248,000	64,780,000
Other assets	7,100,000	5,626,000
Cap. lease property	22,421,000	21,882,000
Total Assets	$ 162,149,000	$ 150,797,000

Liabilities

Long-term debt & cap. lease oblig., curr.	$ 4,359,000	$ 3,609,000
Accts. payable	23,293,000	21,159,000
Accrued payroll	7,390,000	6,440,000
Dividends payable	434,000	447,000
Accts. payable & accruals	3,154,000	3,397,000
Taxes	4,538,000	4,190,000
Income taxes	616,000	2,163,000
Curr. Liabilities	$ 43,784,000	$ 41,405,000
Long-term debt	32,879,000	25,788,000
Cap. lease oblig.	25,713,000	25,107,000
Deferred inc. taxes	12,191,000	8,308,000
Other defer. items	2,103,000	2,652,000
+ Common stock	15,712,000	15,712,000
Retained earnings	38,648,000	34,064,000
Treasury stock	(8,450,000)	(1,493,000)
Deferred cost	(431,000)	(746,000)
Total Liabilities & Shareholders' Equity	$ 162,149,000	$ 150,797,000

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	1.30	0.95
%Net Income to Sales	0.90	0.70
%Net Income to Equity	14.14	9.92
Sales to Inventories	16.64	16.66
Debt to Equity	1.38	1.15
Working Capital	$20,596,000	$17,104,000
Current Ratio	1.47	1.41
Shareholders' Equity	$45,479,000	$47,537,000

The May Department Stores Company

611 Olive Street
St. Louis, Missouri 63101
(314) 342-6300

Officers: David C. Farrell, chairman & chief executive officer; Thomas A. Hays, president; Allan J. Bloostein, Richard Battram, Lawrence E. Honig, vice chairmen; Henry A. Lay, exec. v.p.-real estate & improvements; Jerome T. Loeb, vice chairman & chief financial officer; Steven J. Douglass, John F. Danahy, Louis J. Garr, Jr., R. Dean Wolfe, Randall C. Barnes, Douglas J. Giles, J. Kent McHose, sr. v.p.'s; Frank J. Williams, Jr., v.p.-public affairs & counsel; Richard A. Smith, v.p. & treasurer; Richard A. Brickson, v.p., counsel, & secretary; James Abrams, v.p.-corporate communications; Robert B. Aldridge, v.p.-shortage control and security; William M. Goddard, v.p.-risk management and insurance; James R. Bodemuller, v.p.-merchandise information systems; Frank D. Gunter, v.p.-taxes; Charles B. Luber, v.p.-real estate; Laurence M. Hellman, v.p.-merchandise research; Dennis M. Lee, v.p.-executive development; Henry A. Wagner, v.p.-EDP Systems Development; Robert L. McDowell, v.p.-strategic planning; Ruth A. Streit, v.p.-compensation and benefits; Barry S. Silver, v.p.-audit; George A. Alexander, v.p.-credit.

Directors: Richard R. Shinn*, Allan J. Bloostein, David C. Farrell*, John W. Hanley*, Lawrence E. Honig, Helene L. Kaplan, Henry A. Lay, J.S. Webb, Edward H. Meyer, Thomas A. Hays, Russell E. Palmer, William P. Stiritz*, Murray L. Weidenbaum*, Andrall E. Pearson, Jerome T. Loeb, Richard L. Battram.

* Member of the Executive Committee.

Business Activities: Operates three lines of retail outlets: 145 department stores in 15 states; 62 Venture discount stores in large Midwestern cities; and 1,867 Volume Shoe stores in 39 states. May Centers, Inc., a wholly-owned subsidiary, operates 26 shopping centers in 9 states. Also operates Eagle Stamp Company, a trading stamp company.

Divisions:

The M. O'Neil Company
Akron, Ohio

The Hecht Co.
Baltimore, Maryland, Washington D.C.

The May Co.
Cleveland, Ohio

May D & F
Denver, Colorado

G. Fox & Co.
Hartford, Connecticut

May-Cohens
Jacksonville, Florida

Kaufmann's
Pittsburgh, Pennsylvania

Meier & Frank Company
Portland, Oregon

Famous-Barr Co.
St. Louis, Missouri

May Co.-California
Los Angeles, California
San Diego, California

Venture Stores
May Merchandising Corporation, New York
May Centers, Inc.
May Department Stores International, Inc.
The May Design and Construction Company
Eagle Stamp Company
Volume Shoe Corporation

Transfer Agent(s):

Centerre Trust Company of St. Louis
510 Locust Street
St. Louis, Mo. 63101

Stock Exchange(s): New York, Pacific.

Ticker Symbol: MA

Number of Stores: (at fiscal year end)

1986	2,074	1983	1,468
1985	1,864	1982	1,272
1984	1,584		

Sales and Earnings

	Revenues ‡ (000's)	Net Income (000's)
1985	$ 5,079,900	$ 235,400
1984	4,662,900	214,100
1983	4,093,500	187,000
1982	3,545,400	141,700
1981	3,295,100	126,200

	No. of Com. Shares #	Earn. per Share #
1985	43,045,000	$ 5.38
1984	43,140,000	4.96
1983	43,266,000	4.32
1982	43,518,000	3.25
1981	43,824,000	2.87

‡ Of continuing operations only.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1985	1984
Department stores	$ 3,327,100	$ 3,170,600
Venture discount stores	1,003,800	882,000
Volume Shoe	696,700	543,400
Real estate	52,300	18,400
Total	$ 5,079,900	$ 4,614,400

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.84	—	—
1984	1.56	—	3-for-2
1983	1.30	—	—
1982	1.19	—	—
1981	1.11	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share‡
1985	$ 1,417,600	$ 33.15
1984	1,289,200	29.98
1983	1,158,500	26.78
1982	1,033,100	23.88
1981	953,900	21.95

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	2/1/86	2/2/85
Net sales and rental revenues	$ 5,079,900	$ 4,662,900
Cost of sales	3,611,200	3,297,000
Expenses	983,900	929,700
Interest expense	50,900	41,500
Income before taxes	$ 433,900	$ 394,700
Income taxes	198,500	180,600
Net Income	$ 235,400	$ 214,100

* Included in Costs and Expenses, Depreciation and Amortization: $126,200,000 in 1985 and $108,900,000 in 1984.

Assets
(000's)

As of	2/1/86	2/2/85
Cash & market secur.	$ 175,000	$ 140,400
Accts. receiv., net	995,700	983,400
*Inventories	730,900	687,200
Prepaid expenses	20,400	21,400
Current Assets	$ 1,922,000	$ 1,832,400
#Fixed assets	1,471,600	1,156,100
Other assets	48,700	58,200
Total Assets	$ 3,442,300	$ 3,046,700

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 30,200	$ 26,000
Accounts payable	441,600	431,200
Accruals	257,400	233,800
Income taxes	204,900	218,700
Curr. Liabilities	$ 934,100	$ 909,700
Long-term debt & cap. lease oblig.	636,400	532,900
Def. inc. taxes	170,400	139,100
Def. invest. tax credit	43,700	39,500
Deferred comp.	63,500	55,900
Unrealized apprec.	73,800	76,800
Redeem. pref. stock	102,800	3,600
+ Common stock	71,300	71,700
Add. paid-in capital	—	800
Retained earnings	1,346,300	1,216,700

The May Department Stores Company

Total Liabilities & Shareholders' Equity	$ 3,442,300	$ 3,046,700

* At lower of cost or market. Stated at LIFO cost for dept. stores and Venture and at FIFO for Volume Shoe.
# Less accumulated depreciation.
+ $1.66⅔ par value.

Statistical Summary

%Income before Taxes to Sales	8.54	8.29
%Net Income to Sales	4.63	4.50
%Net Income to Equity	16.61	16.61
Sales to Inventories	6.95	6.93
Debt to Equity	0.47	0.43
Working Capital	$ 987,900,000	$ 922,700,000
Current Ratio	2.06	2.01
Shareholders' Equity	$1,417,600,000	$1,289,200,000

Mayfair Super Markets, Inc.

681 Newark Avenue
Elizabeth, New Jersey 07208
(201) 352-6400

Officers: Stanley P. Kaufelt, chairman of the board, president & chief executive officer; Michael Shapiro, sr. v.p.-finance & administration, chief financial officer & treasurer; Anthony Petrillo, v.p.-merchandising; Richard Cantolino, v.p.-engineering; Paul Cona, v.p.-loss prevention; Jacqueline Keller, v.p.-marketing & communications; Robert Behrens, v.p.-produce; Florence Kaufelt, secretary.

Directors: Stanley P. Kaufelt, chairman of the board; Robert Kaufelt, Jonathan Kaufelt, Michael Shapiro, Jacqueline Keller.

Business Activities: Operates a chain of food stores in central and northern New Jersey, all operating under the name of Foodtown.

Subsidiaries:

Jolen Bud Corporation
Easton & Houston Corp.

Transfer Agent(s):

The National State Bank
1 Maple Street, 2nd Floor
Summit, New Jersey 07901

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MYFR (NASDAQ)

Number of Stores: (at fiscal year end)

1985	32	1982	34
1984	31	1981	34
1983	34		

Sales and Earnings

	Net Sales	Net Income
1985	$ 360,783,179	$ 4,090,842
1984	323,880,880	1,214,980
1983*	341,179,875	3,134,000
1982	319,462,386	2,171,000
1981	292,034,735	752,000

	No. of Com. Shares +	Earn. per Share ‡
1985	1,947,966	$ 2.11
1984	1,998,760	0.62
1983*	2,126,215	1.47
1982	2,297,632	0.95
1981	N.A.	0.31

* 53 weeks.
N.A.-Not Available.
+ Based on the weighted average number of Class A and Class B common shares outstanding adjusted to reflect recapitalization and stock split.
‡ Based on the weighted average number of Class A common shares outstanding adjusted to reflect recapitalization and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.07	—	3-for-2
1984	0.07	—	—

Common Stock Equity ‡

	Total Equity	Equity Per Share
1985	$ 13,783,413	$ 7.08
1984	9,635,539	4.82
1983	8,761,420	4.12
1982	5,547,359	2.41
1981	3,729,131	—

‡ Based on the weighted average number of Class A and Class B common shares outstanding adjusted to reflect recapitalization.

Income Account

Year ended	8/31/85	9/1/84
Net sales	$ 360,783,179	$ 323,880,880
Cost of sales	275,053,439	250,142,832
Expenses	71,898,171	65,660,470
Depreciation & amortization	4,643,334	4,550,028
Prov. for doubtful accts.	95,237	107,705
Interest income	(547,569)	(319,818)
Rental income	(224,338)	(203,342)
Other income	(281,675)	(186,969)
Interest expense	2,733,377	2,435,116
Income before taxes	$ 7,413,203	$ 1,694,858
Income taxes	3,322,361	479,878
Net Income	$ 4,090,842	$ 1,214,980

Assets

As of	8/31/85	9/1/84 (53 weeks)
Cash	$ 4,188,465	$ 189,079
Short-term invest.	5,420,717	4,112,951
Accts. & notes receiv., net	1,117,109	938,269
Financing leases	72,463	65,936
*Inventories	10,398,768	9,176,876
Prepaid expenses	4,349,472	1,628,303
Current Assets	$ 25,546,994	$ 16,111,414
Investments	2,639,460	2,504,554
#Fixed assets	38,002,551	29,812,634
Other assets	3,823,276	3,038,193
Total Assets	$ 70,012,281	$ 51,466,795

Liabilities

Long-term debt, curr.	$ 510,083	$ 108,763
Cap. lease oblig., curr.	1,111,800	1,042,392
Accts. payable	19,947,119	13,935,817
Accruals	3,882,771	2,679,120
Def. inc. taxes	1,578,976	653,037
Curr. Liabilities	$ 27,030,749	$ 18,419,129
Long-term debt	10,539,949	9,317,364
Cap. lease oblig.	17,874,901	14,094,763
Deferred income taxes	783,269	—
+ Class A Common Stock	21,399	15,346
+ + Class B Common Stk.	4,082	3,617
Add. paid-in capital	2,219,728	2,085,448
Retained earnings	12,996,975	8,994,662
Treasury stock	(1,458,771)	(1,463,534)
Total Liabilities & Shareholders' Equity	$ 70,012,281	$ 51,466,795

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value, 1984; $1 par value, 1983.
+ + $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.05	0.52
%Net Income to Sales	1.13	0.38
%Net Income to Equity	29.68	12.61
Sales to Inventories	34.69	35.29
Debt to Equity	2.18	2.55
Shareholders' Equity	$13,783,413	$9,635,539

J.W. Mays, Inc.

510 Fulton Street
Brooklyn, New York 11201
(212) 624-7400

Officers: Max L. Shulman, chairman of the board & chief executive officer; Lloyd J. Shulman, president & chief operating officer; Richard D'Amura, sr. v.p.; Alex Slobodin, exec. v.p. & treasurer; Melvin M. Kazdin, v.p.; Ward Lyke, Jr., v.p.-management information services; Salvatore Cappuzzo, secretary; Paul Greenblatt, controller & assistant secretary.

Directors: Richard D'Amura, Lloyd J. Shulman, Frank J. Angell*, John B. King*, Max L. Shulman*, Sylvia W. Shulman, Alex Slobodin, Melvin Kazdin.

* Member of the Executive Committee.

Business Activities: Operates four department stores in New York City which sell ready-to-wear clothing for the entire family, hardgoods, domestics, jewelry and furniture.

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MAYSJ (NASDAQ)

Number of Stores: (at fiscal year end)

1985	4	1982	4
1984	4	1981	9
1983	4		

Sales and Earnings

	Net Sales	Net Income †
1985	$ 77,218,285	$ (2,563,347)
1984	80,270,504	1,631,466
1983	77,175,223	(531,734)
1982	121,520,933	(11,950,467)
1981	180,047,247	(1,704,099)

	No. of Com. Shares	Earn. per Share ‡ †
1985	2,178,297	$ —
1984	2,178,297	0.75
1983	2,178,297	—
1982	2,178,297	—
1981	2,178,297	—

(Loss).
† Including extraordinary gain of $390,000 ($0.18 per share) in 1984.
‡ Based on the weighted average number of shares of common stock and common stock equivalents.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 13,998,726	$ 6.43
1984	16,562,073	7.60
1983	14,930,607	6.85
1982	15,462,341	7.10
1981	27,412,808	12.58

Income Account

Year ended July 31	1985	1984
Net sales	$ 77,218,285	$ 80,270,504
Other income	2,339,619	6,249,961
Total income	$ 79,557,904	$ 86,520,465
Cost of sales	57,248,527	59,646,593

Expenses	22,218,205	22,237,680
Depreciation & amortization	1,136,837	1,130,792
Oper. income (loss)	$ (1,045,665)	$ 3,505,400
Interest expense	1,130,051	1,026,845
Other expenses	283,631	721,089
Income (loss) before taxes	$ (2,459,347)	$ 1,757,466
Income taxes	104,000	516,000
Net Income (Loss)	$ (2,563,347)	$ 1,241,466
Extraord. gain	—	390,000
Net Income (Loss) & extraord. gain	$ (2,563,347)	$ 1,631,466

Assets

As of July 31	1985	1984
Cash	$ 2,475,044	$ 3,197,455
Temp. cash invest.	152,442	2,899,894
Accts. receiv., net.	322,142	789,864
Prepaid taxes	17,929	146,888
*Inventories	8,219,516	8,614,808
Prepaid expenses	1,133,084	[illegible]12,599
Real estate taxes	457,770	[illegible]5,667
Current Assets	$ 12,777,927	$ 17,188,175
#Fixed assets	20,483,174	20,683,325
Defer. charges	1,425,895	1,153,421
Total Assets	$ 34,686,996	$ 39,024,921

Liabilities

Short-term bank loan	$ 2,000,000	$ 2,000,000
Long-term debt, curr.	2,408,499	2,462,835
Cap. lease oblig., curr.	164,184	208,315
Accts. payable	3,937,248	2,825,481
Customers' deposits	76,441	63,507
Accrued payroll	1,371,938	1,656,200
Inc. taxes payable	6,224	11,749
Misc. taxes	575,182	518,832
Def. liab. pending chap XI determ.	—	205,539
Curr. Liabilities	$ 10,539,716	$ 9,952,458
Long-term debt.	9,367,704	11,803,941
Cap. lease oblig.	780,850	706,449
+Common stock	2,178,297	2,178,297
Add. paid-in capital	3,346,245	3,346,245
Retained earnings	8,474,184	11,037,531
Total Liabilities & Shareholders' Equity	$ 34,686,996	$ 39,024,921

* At lower of cost (61% net invoice cost, remainder at retail inventory method) or market.

# Less accumulated depreciation and amortization.

+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.19
%Net Income to Sales	—	1.55
%Net Income to Equity	—	7.50
Sales to Inventories	9.39	9.32
Debt to Equity	0.06	0.39
Working Capital	$ 2,238,211	$ 7,235,717
Current Ratio	1.21	1.73
Shareholders' Equity	$13,998,726	$16,562,073

MCA INC.

100 Universal City Plaza
Universal City, California 91608
(818) 777-1000

445 Park Avenue
New York, New York 10022
(212) 759-7500

Officers: Lew R. Wasserman, chairman of the board & chief exec. officer; Sidney Jay Sheinberg, president & chief operating officer; Thomas Wertheimer, exec. v.p.; Irving Azoff, Robert B. Braswell, J. Eugene Brog, Albert A. Dorskind, James N. Fiedler, Lawrence D. Spungin, Donald Menchel, Robert A. Harris, Stanley Newman, Gareth Hughes, Frank Price, Jay S. Stein, Alvin Rush, v.p.'s; George Smith, v.p. & general tax counsel; Harold Haas, v.p., treasurer & chief financial officer; Richard E. Baker, controller; Peter J. Ratican, asst. controller; Michael Samuel, secretary, Richard C. Schiller, asst. secretary, Christine R. Hanson, asst. secretary; Dennis F. Dallara, asst. controller.

Directors: Lew R. Wasserman*, chairman; Sidney Jay Sheinberg*, Howard P. Allen, Mary Gardiner Jones, Thomas V. Jones, Frank Price, Felix G. Rohatyn, Robert S. Strauss, Thomas Wertheimer*, Howard H. Baker, Jr.

* Member of the Executive Committee.

Business Activities: Engaged in production and distribution of theatrical, nontheatrical, television and home video products; operation of a tour of the company's motion picture studio; merchandising and publishing of film properties; development of portions of the Company's Universal City real estate; manufacture and distribution of phonograph records and tapes, music publishing, retail and mail order gift merchandising, development and marketing of toy production, recreation services, and book publishing; Spencer Gifts-a retail and mail order subsidiary headquartered in Atlantic City, New Jersey. Operates retail gift stores located throughout the United States and mail order gift businesses in the United States, West Germany and Austria. Spencer Gifts sells a wide variety of specialty merchandise purchased from both domestic and foreign manufacturers, including notions, novelties, housewares, stationery, home decorations, cosmetics, jewelry, plus a variety of other products for home, office, personal use and gifts.

Divisions and Subsidiaries:

Universal City Studios, Inc.
MCA Corporate Films
MCA Records, Inc.
Miller International Schallplatten G.m.b.H.
Spencer Gifts, Inc.
Neho Versand G.m.b.H.
Yosemite Park and Curry Co.
The Putnam Publishing Group, Inc.
Jove Publications, Inc.
Coward-McCann, Inc.
Cinema International Corporation N.V. (49% owned)
MCA New Ventures, Inc.
MCA Distributing Corporation
Berkley Publishing Corporation
Duchess Music Corporation
Leeds Music Corporation
MCA Music Limited
Charter Communications, Inc.
Grosset & Dunlap, Inc.
MCA Home Video, Inc.
MCA Cable Services, Inc.
MCA Artists (England) Limited
MCA Canada Ltd.
MCA Videodisc, Inc.
MCA Filmes Do Brasil Ltda.
MCA International B.V.
MCA Television Limited
Merchandising Corporation of America, Inc.
Richard Marek, Publishers, Inc.
Universal City Property Management Company
Universal Film Exchanges, Inc.
Universal International Films, Inc.
Universal Pay Television, Inc.
Universal City Consultants, Ltd.
Walter Lantz Productions
Yosemite Park and Curry Company

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
1 New York Plaza
New York, New York 10081

Stock Exchange(s): New York, Pacific

Ticker Symbol: MCA

Number of Stores: (at fiscal year end)—Spencer Gifts

1985	497	1982	435
1984	454	1981	420
1983	442		

Sales and Earnings

	Revenues (000's)	Net Income (000's)
1985	$ 2,098,525	$ 149,959
1984	1,651,242	94,937
1983	1,584,539	147,160
1982	1,586,022	176,198
1981	1,328,410	89,788

	No. of Com. Shares ‡	Earn. per Share ‡
1985	74,122,508	$ 2.02
1984	72,821,877	1.30
1983	72,153,767	2.04
1982	71,595,051	2.46
1981	71,482,866	1.26

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1985	1084
Filmed entertainment	$ 1,187,658	$ 888,851
Records & music	307,780	155,930
Retail & mail order	295,677	310,638
Book publishing	138,365	116,842
Toy products	77,447	—
Other operations	91,598	78,981
Total	$ 2,098,525	$ 1,651,242

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.61	—	3-for-2
1984	0.59	—	—
1983	0.59	—	—
1982	0.52	—	2-for-1
1981	0.50	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$1,400,761,000	$ 18.69
1984	1,221,935,000	16.74
1983	1,153,226,000	15.91
1982	1,022,365,000	14.29
1981	928,792,000	13.01

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Revenues	$ 2,098,525	$ 1,651,242
Cost of sales & expenses	1,883,468	1,552,626
Corp., general & admin.	14,316	13,584
Interest income	(14,053)	(22,487)
Interest expense	6,535	5,482
Income bef. taxes	$ 208,259	$ 102,037
Income taxes	58,300	7,100
Net Income	$ 149,959	$ 94,937

* Included in Costs and Expenses, Depreciation and Amortization: $32,087,000 in 1985 and $28,231,000 in 1984.

Assets
(000's)

As of Dec. 31	1985	1984
Cash	$ 143,103	$ 167,024
Receiv., net	448,072	317,603
Film cost	269,100	230,576
*Inventories	112,021	117,305
Prepaid expenses	65,723	55,192
Current Assets	$ 1,038,019	$ 887,700
#Fixed assets	298,374	379,036
Other assets	918,017	677,006
Total Assets	$ 2,254,410	$ 1,943,742

Liabilities
(000's)

Accts. payable & accruals	$ 210,200	$ 181,134
Accrued payroll	264,141	181,732
Income taxes	62,567	43,891
Deferred film revenues	28,849	22,334
Curr. Liabilities	$ 565,757	$ 429,091
Long-term debt	202,892	237,716
Deferred inc. taxes	85,000	55,000
+ Common stock	248,851	175,337
Retained earnings	1,154,339	1,049,726
Treasury stock	(2,429)	(3,128)
Total Liabilities & Shareholders' Equity	$ 2,254,410	$ 1,943,742

* At lower of cost (FIFO) or estimated realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Revenues	9.92	6.18
%Net Income to Revenues	7.15	5.75
%Net Income to Equity	10.71	4.88
Debt to Equity	0.14	0.12
Working Capital	$ 472,262,000	$ 458,609,000
Current Ratio	1.83	2.07
Shareholders' Equity	$1,400,761,000	$1,943,742,000

Medco Group Incorporated

(Formerly Medco Jewelry Corporation)

860 Broadway
New York, New York 10003
(212) 533-4900

Officers: Stephan M. Pinsly, president & chief exec. officer; Oscar D. Folger, secretary.

Directors: Robert L. Richards, Stephan M. Pinsly, Oscar D. Folger, Robert J. Finkle, Harold Alenick.

Business Activities: Operates Keepsake Diamond Galleries which are fine jewelry stores in shopping malls in Wichita, Kansas. The Company also distributes surgical, dental and veterinary instruments.

Transfer Agent(s):

American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MEDG (NASDAQ)

Number of Stores: (at fiscal year end)

1985	2	1982	N.A.
1984	2	1981	8
1983	2		

N.A.-Not Available.

Note: Due to the restructuring of the Company, there are no financial data available for years prior to 1984.

Sales and Earnings

	Net Sales	Net Income ‡
1985	$ 3,746,419	$ (26,759)
1984	4,298,037	(63,349)

	No. of Com. Shares	Earn. per Share ‡†
1985	1,110,541	$ —
1984	910,541	—

(Loss)
‡ Including extraordinary gain of $65,717 in 1984.
† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect reverse stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	—	—
1984	—	—	1-for-5

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 2,178,327†	$ 1.96
1984	504,212	0.55

† After allowing for preferred stock at par value.
‡ Adjusted to reflect reverse stock split.

Income Account *

Year ended	3/31/85	3/31/84
Net sales	$ 3,746,419	$ 4,298,037
Cost of sales	1,974,562	2,341,509
Expenses	1,648,967	1,856,615
Interest & other debt expenses	149,649	228,979
Net Loss	$ (26,759)	$ (129,066)
Extraord. gain	--	65,717
Net Loss & extraord. gain	$ (26,759)	$ (63,349)

* Included in Costs and Expenses. Depreciation: $48,141 in 1985 and $68,293 in 1984.

Assets

As of	3/31/85	3/31/84
Cash	$ 12,196	$ 45,760
Accts. receiv., net	768,815	654,259
*Inventories	1,034,966	1,458,153
Prepaid expenses	89,804	43,814
Prop. held for sale	—	125,000
Current Assets	$ 1,905,781	$ 2,326,986
#Fixed assets	157,144	161,279
Goodwill	527,078	530,197
Deferred costs of public offering	—	195,692
Other assets	433,720	366,844
Total Assets	$ 3,023,723	$ 3,580,998

Liabilities

Long-term debt, curr.	$ 40,200	$ 660,075
Short-term bank borrowings	229,995	130,000
Accruals	98,211	437,334
Accts. payable	354,741	430,390
Other liabilities	—	26,587
Curr. Liabilities	$ 723,147	$ 1,684,386
Long-term debt	121,999	1,392,400
+ Preferred stock	250	—
+ + Common stock	111,054	91,054
Add. paid-in capital	2,119,620	438,746
Deficit	(52,347)	(25,588)
Total Liabilities & Shareholders' Equity	$ 3,023,723	$ 3,580,998

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value; $12.50 cumulative convertible.
+ + $0.10 par value.

Statistical Summary

Sales to Inventories	3.62	2.95
Debt to Equity	0.18	4.33
Working Capital	$1,182,634	$642,600
Current Ratio	2.64	1.38
Shareholders' Equity	$2,178,577	$504,212

Melville Corporation

3000 Westchester Avenue
Harrison, New York 10528
(914) 253-8000

Officers: Francis C. Rooney, Jr., chairman of the board & chief executive officer; Stanley P. Goldstein, president & chief operating officer; Kenneth K. Berland, vice chairman & chief administrative & financial officer; Robert C. Kuhn, Richard L. Anderson, Michael Friedheim, executive v.p.'s; Edward S. Fitzgibbons, Howard Kaufman, Frank H. Brenton, Larry A. McVey, Ira H. Peterman, Harvey Rosenthal, vice presidents; William C. Kingsford, controller; Kevin R. Wood, treasurer; Arthur V. Richards, secretary & gen. attorney; Richard T. O'Connell, Jr., asst. secretary & asst. gen. attorney; Raymond R. Moore, asst. secretary; James E. Alward, Roger E. Haggerty, asst. treasurers.

Directors: Francis C. Rooney, Jr.*, chairman; Richard L. Anderson, John G. Creedon, M. Cabell Woodward, Jr., Robert McDonald, Frank Melville*, Kenneth K. Berland*, Robert C. Kuhn, Hyman L. Battle Jr.*, Donald F. McCullough*, James W. McKee, Jr., Stanley P. Goldstein, Louis V. Gerstner, Jr.

* Member of the Executive Committee.

Business Activities: Operates shoe stores under the names of Thom McAn and Open Country; leased self-service shoe departments (Meldisco) with units located primarily in K-Mart stores; Marshalls, a retail chain that sells brandname apparel for men, women and children; Chess King, a men's apparel specialty merchandising chain concentrating on the 14-to-22 year old market, and Wilsons, a retailer of leather apparel for men and women. Operates drug, health and beauty aid specialty stores under the names Consumer Value Stores (CVS) and Freddy's. Operates Kay-Bee Toy and Hobby shops. Operates home furnishings stores through Linens 'n Things, which retails brandname linens and towels; This End Up Futniture Company, which retails popular priced casual furniture; and Prints Plus, which retails prints and posters.

Divisions and Subsidiaries:

Thom McAn Shoe Company
67 Millbrook Street
Worcester, Massachusetts 01606

Melville Realty Company, Inc.
3000 Westchester Avenue
Harrison, New York 10528

Meidisco
933 Macarthur Boulevard
Mahwah, New Jersey 07430

Kay-Bee Toy & Hobby Shops, Inc.
Route 102
Lee, Massachusetts 01238

Open Country
67 Millbrook Street
Worcester, Massachusetts 01606

Consumer Value Stores
One CVS Drive
Woonsocket, Rhode Island 02895

Marshalls, Inc.
30 Harvard Mill Square
Wakefield, Massachusetts 01880

Chess King
44 Hammond Street
Worcester, Massachusetts 01610

Melville (Europe) Purchasing Ltd.
69, V.le F.lli Rosselli
Florence, 50144, Italy

Pimento
Continental Plaza
433 Hackensack Avenue
Hackensack, New Jersey 07601

Wilsons House of Suede, Inc.
11840 Olympic Boulevard
Los Angeles, California 90064

Linens 'n Things, Inc.
6 Brighton Road
Clifton, New Jersey 07015

FNS Sales, Inc. (Freddy's)
90 Commerce Drive
Rochester, New York 14623

Acquisition(s):

T.E.U., Inc.
1309 Exchange Alley
Richmond, Virginia 23219

This End Up Furniture Company
Westgate Road
Raleigh, North Carolina 27612
Sale of popular priced, casual furniture through 116 retail stores.

Prints Plus, Inc.
827 Arnold Drive
Suite 220
Martinez, California 99553
Sale of prints and posters through 36 retail stores.

Transfer Agent(s):

Manufacturers Hanover Trust Company
Stock Transfer Department
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: MES

Number of Stores: (at fiscal year end)

	Leased shoe dept's.	Apparel
1985	2,062	911
1984	2,055	1,575
1983	2,042	1,482
1982	2,002	1,336
1981	1,939	1,170

	Shoe stores	Health & beauty
1985	1,150	599
1984	1,193	555
1983	1,254	513
1982	1,317	466
1981	1,342	433

	Toy & hobby	Household furnishings
1985	584	268
1984	533	—
1983	456	—
1982	361	—
1981	270	—

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1985	$ 4,774,860	$ 210,812
1984	4,261,627	190,386
1983	3,747,187	176,260
1982	3,082,419	142,124
1981	2,564,745	136,133

	No. of Com. Shares	Earn. per Share ‡
1985	54,049,995	$ 3.90
1984	52,857,882	3.60
1983	52,455,556	3.36
1982	52,099,964	2.73
1981	51,820,804	2.63

+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1985 (000's)	%	1984 (000's)	%
Footwear	$1,506,243	31.5%	$1,423,271	33.4%
Health & beauty aids	1,059,638	22.2	899,910	21.1
Apparel	1,614,026	33.8	1,463,884	34.4
Toys	594,953	12.5	474,562	11.1
Total	$4,774,860	100.0%	$4,261,627	100.0%

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1985	$1.44	—	—
1984	1.32	—	—
1983	1.09	—	2-for-1
1982	1.05	—	—
1981	0.99	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$1,102,204,881	$ 20.39
1984	954,778,185	18.06
1983	828,040,880	15.79
1982	701,425,016	13.46
1981	607,945,068	11.73

‡ Adjusted to reflect stock split.

Income Account

Year ended Dec. 31	1985	1984
Net sales	$4,774,860,072	$4,261,627,444
Cost of sales	2,857,388,688	2,585,539,656
Expenses	1,408,929,594	1,206,506,663
Depreciation & amortization	59,605,837	53,618,357
Interest expense	6,315,365	14,280,589
Other expense	3,463,641	3,369,313
Income before taxes	$ 439,156,947	$ 398,312,866
Income taxes	171,376,000	153,856,000
Minority interest	47,969,340	44,821,125
Inc.-cont. oper.	$ 219,811,607	$ 199,635,741
Loss-discont. oper.	(8,999,670)	(9,249,258)
Net Income	$ 210,811,937	$ 190,386,483

Assets

As of Dec. 31	1985	1984
Cash	$ 304,671,414	$ 187,820,011
Accts. receiv., net	63,601,919	55,288,271
*Inventories	807,569,726	748,891,978
Prepaid expenses	28,730,406	25,080,218
Current Assets	$1,204,573,465	$1,017,080,478
Prop. leased under cap. leases	37,493,948	42,412,051
#Fixed assets	424,085,347	416,060,239
Defer. charges & other assets	13,151,850	13,036,908
Intangibles	127,368,560	122,069,254
Total Assets	$1,806,673,170	$1,610,658,930

Liabilities

Long-term debt, curr.	$ 24,344,453	$ 2,951,285
Cap. lease oblig., curr.	2,612,167	2,410,716
Accts. payable & accruals	399,904,530	369,725,148
Income taxes	66,080,919	51,631,675
Curr. Liabilities	$ 492,942,069	$ 426,718,824
Long-term debt	40,509,201	64,537,181
Cap. lease oblig.	48,017,155	52,291,006
Lease oblig.	167,691	234,298
Minority interest	83,362,616	80,158,440
Deferred inc. taxes	36,768,557	29,187,996
+ Redeem. pref. stock	2,701,000	2,753,000
+ + Common stock	54,049,995	52,857,882
Add. paid-in capital	33,494,227	28,171,942
Retained earnings	1,014,660,659	873,748,361
Total Liabilities & Shareholders' Equity	$1,806,673,170	$1,610,658,930

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $100 par value; Series B.
+ + $1 par value.

Statistical Summary

%Net Income to Equity	19.13	19.94
Sales to Inventories	5.91	5.69
Debt to Equity	0.10	0.13
Working Capital	$ 711,631,396	$590,361,654
Current Ratio	2.44	2.38
Shareholders' Equity	$1,102,204,881	$954,778,185

Mercantile Stores Company, Inc.

1100 North Market Street
Wilmington, Delaware 19801
(302) 655-4011

Officers: Leon F. Winbigler, chairman of the board; James C. Lovell, pres.; Harold W. Jockers, chairman of the exec. committee; William A. Heineman, v.p. & treasurer; Leroy J. Sheldon, Edward J. Sharkey, v.p.'s; William A. Carr, controller; Dennis F. Murphy, secretary.

Directors: John A. Herdeg, Harold W. Jockers*, James C. Lovell*, Gerrish H. Milliken, Minot K. Milliken*, Roger Milliken*, George S. Moore, Edward J. Sharkey, Leon F. Winbigler*, Rene C. McPherson.

* Member of the Executive Committee.

Business Activities: Operates 13 chains of general merchandise department stores, as well as 23 free-standing beauty salons.

Divisions:

Bacons
Louisville, Kentucky

Castner Knott Co.
Nashville, Tennessee

de Lendrecie's
Fargo, North Dakota

Gayfers
Mobile, Alabama

Glass Block
Duluth, Minnesota

Hennessy's
Billings, Montana

The Jones Store Co.
Kansas City, Missouri

Joslins
Denver, Colorado

Lion
Toledo, Ohio

McAlpin's
Cincinnati, Ohio

The Right House
St. Catharines, Ontario, Canada

Root's
Terre Haute, Indiana

J.B. White
Augusta, Georgia
Columbia, South Carolina

Subsidiaries:

Mercantile Stores Company, (N.Y.)
128 West 31st Street
New York, New York 10001
Central buying and administrative offices.

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): New York

Ticker Symbol: MST

Mercantile Stores Company, Inc.

Number of Stores: (at fiscal year end)

1986	80	1983	84
1985	78	1982	84
1984	77		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 1,880,039	$ 102,448
1985	1,706,904	84,769
1984	1,625,958	83,222
1983	1,428,385	69,941
1982	1,269,491	57,895

	No. of Com. Shares †	Earn. per Share
1986	14,738,294	$ 6.95
1985	14,754,990	5.75
1984	14,738,294	5.65
1983	14,739,090	4.75
1982	14,739,090	3.93

† Adjusted to reflect stock split.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	$1.27½	—	—
1985	1.15	—	—
1984	1.00	—	2½-for-1
1983	0.60	—	—
1982	0.77½	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share †
1986	$ 678,034	$ 46.00
1985	594,377	40.33
1984	526,558	35.73
1983	458,123	31.08
1982	397,026	26.94

† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Jan. 31	1986	1985
Net sales	$ 1,880,039	$ 1,706,904
Cost of sales	1,279,199	1,166,616
Expenses	385,654	364,319
Interest expense	18,738	14,332
Income before taxes	$ 196,448	$ 161,637
Income taxes	94,000	76,868
Net Income	$ 102,448	$ 84,769

* Included in Costs and Expenses, Depreciation: $43,267,000 in 1986 and $38,651,000 in 1985.

Assets
(000's)

As of Jan. 31	1986	1985
Cash	$ 67,494	$ 68,655
Receiv., net	17,747	15,876
Due from Mersco Finance Corp.	477,176	366,298
*Inventories	281,446	248,810
Prepaid expenses	4,202	2,985
Current Assets	$ 848,065	$ 702,624
Investments	16,009	17,061
Equity & advance to Mersco Finance Corp.	17,119	15,240
#Fixed assets	270,035	261,583
Total Assets	$ 1,151,228	$ 996,508

Liabilities
(000's)

Long-term debt, curr.	$ 7,434	$ 6,770
Accts. payable	59,234	59,473
Accruals	111,869	95,758
Income taxes	67,168	56,102
Curr. Liabilities	$ 245,705	$ 218,103
Long-term debt	211,224	166,160
Deferred inc. taxes	16,265	17,868
+Common stock	5,404	5,404
Add. paid-in capital	6,096	6,096
Retained earnings	666,534	582,877
Total Liabilities & Shareholders' Equity	$ 1,151,228	$ 996,508

* At LIFO which is lower than market.
# Less accumulated depreciation.
+ $0.91⅔ par value.

Statistical Summary

%Income bef. Taxes to Sales	10.45	9.47
%Net Income to Sales	5.45	4.97
%Net Income to Equity	15.11	14.26
Sales to Inventories	6.68	6.86
Debt to Equity	0.32	0.29
Working Capital	$602,360,000	$484,521,000
Current Ratio	3.45	3.22
Shareholders' Equity	$678,034,000	$594,377,000

Merry-Go-Round Enterprises, Inc.

1220 East Joppa Road
Towson, Maryland 21204
(301) 828-1000

Officers: Michael D. Sullivan, president and chief executive officer; Isaac Kaufman, senior vice president, chief financial officer, secretary and treasurer; Robert L. Heyman, vice president-warehousing; George E. Kucin, vice president-merchandising; Paul D. Levine, vice president-store operations; Stuart M. Lucas, vice president-merchandising; Frank C. Peters, vice president and controller; Marvin S. Rice, vice president-store design and construction; Ken Rodriguez, vice president-merchandising; Wayne J. Schuchart, vice president-management information systems; Barrie R. Wood, vice president-real estate; Michael W. Duplantis, Gary W. Gillan, Robert B. Simon, Joseph A. Solek, Joseph R. VanderPluym, regional vice presidents; Josephine Billings, Myrna Villanueva, assistant controllers.

Directors: Harold Goldsmith, chairman; Leonard Weinglass, Michael D. Sullivan, John F. Ireton, Thomas J. Byrne, Jr., Robert B. Bank.

Business Activities: The company is a major national specialty retailer of contemporary fashions for young men and women. The company's contemporary fashions appeal to a broad consumer base that ranges in age from 7 to 40 years.

Subsidiaries:

DJ's Fashion Center for Men

Cignal

Merry-Go-Round JR

Transfer Agent(s):

Maryland National Bank
Baltimore, Maryland

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MGRE (NASDAQ)

Number of Stores: (at fiscal year end)

1986	334	1983	194
1985	272	1982	185
1984	223		

Sales and Earnings

	Net Sales	Net Income
1986	$ 164,119,000	$ 7,285,000
1985	158,088,000	9,825,000
1984	111,784,000	7,269,000
1983	75,507,000	3,502,000
1982	65,753,000	2,426,000

	No. of Com. Shares ‡	Earn. per Share ‡ *
1986	6,354,000	$ 1.15
1985	6,330,000	1.55
1984	6,108,000	1.19
1983	6,000,000	0.58
1982	6,000,000	0.40

‡ Based on the weighted average number of common shares outstanding.
* Pro forma.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 34,963,000	$ 5.50
1985	27,642,000	4.34
1984	17,597,000	2.76
1983	18,866,000	3.14
1982	12,416,000	2.07

Income Account *
(000's)

Year ended	2/1/86	2/2/85
Net sales	$ 164,119	$ 158,088
Cost of sales	110,657	100,914
Expenses	39,779	38,873
Interest exp. (income)	230	(409)
Income before taxes	$ 13,453	$ 18,710
Income taxes	6,168	8,885
Net Income	$ 7,285	$ 9,825

* Included in Costs and Expenses, Depreciation and Amortization: $4,433,000 in 1986 and $2,903,000 in 1985.

Assets
(000's)

As of	2/1/86	2/2/85
Cash	$ 3,277	$ 765
Marketable securities	3,977	8,481
Accts. receiv., net	851	620
*Inventories	15,117	14,293
Prepaid expenses	3,195	2,731
Current Assets	$ 26,417	$ 26,890
#Fixed assets	29,161	19,707
Leasehold interest in prop. & equip.	2,417	2,706
Other assets	630	188
Total Assets	$ 58,625	$ 49,491

Liabilities
(000's)

Long-term debt & cap. lease oblig., curr.	$ 260	$ 522
Accts. payable	14,777	9,194
Accruals	3,580	5,438
Income taxes	1,179	1,225
Curr. Liabilities	$ 19,796	$ 16,379
Long-term debt	—	1,714
Cap. lease oblig.	2,991	3,251
Other liabilities	875	505
+Common stock	64	63

Add. paid-in capital	964	964
Retained earnings	34,607	27,322
Subscrip. receiv.	(672)	(707)
Total Liabilities & Shareholders' Equity	$ 58,625	$ 49,491

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.20	11.84
%Net Income to Sales	4.44	6.21
%Net Income to Equity	20.84	35.54
Sales to Inventories	10.86	11.06
Debt to Equity	0.09	0.20
Working Capital	$ 6,621,000	$10,511,000
Current Ratio	1.33	1.64
Shareholders' Equity	$34,963,000	$27,642,000

Michigan General Corporation

Park West 80, Plaza One
Saddle Brook, New Jersey 07662
(201) 368-1212

Officers: Charles E. Kuhn, chairman of the board; Marshall S. Cogan, Stephen C. Swid, co-vice chairmen; Rocco A. Barbieri, president & chief exec. officer; Paul L. Barrett, v.p., secretary & general counsel; Peter S. Dye, v.p. & chief financial officer; Frederick Marcus, v.p.; George F. Kerkhove, controller; Frank Murtagh, treasurer; Richard Frontman, pres.-Savannah Wholesale Company; Harlon Seats, pres.-Diamond Lumber, Inc.

Directors: Lee Hazen, Charles E. Kuhn, Rocco A. Barbieri, Marshall S. Cogan, Bernard E. Knight, Stephen C. Swid, E. Alan Brumberger, Frederick Marcus.

Business Activities: Engaged in the retail sale of homebuilding products through its 95 Diamond Lumber homebuilding supply centers; operates 116 discount retail clothing stores, under the name Allied Department Stores in the southeastern U.S.; also engaged in the manufacture and sale of windows and doors for the homebuilding industry through its Krestmark subsidiaries, and in providing technology manpower and engineering services through Applied Consulting & Technical Services, Inc.

Divisions & Subsidiaries:
Retail and Related

Savannah Wholesale Company
102 Fahm Street
Savannah, Georgia 31402
Operates 116 discount retail clothing stores under the name Allied Department Stores, in the southeastern U.S.

Diamond Lumber, Inc.
Carrollton, Texas
Operates 95 Diamond Lumber homebuilding supply centers offering a broad line of lumber and wallboard in 14 states throughout the U.S.

Transfer Agent(s):

RepublicBank Dallas, N.A.
P.O. Box 2964
Dallas, Texas 75221

Stock Exchange(s): American

Ticker Symbol: MGL

Number of Stores: (at fiscal year end)

1985	211	1982	69
1984	104	1981	71
1983	74		

Sales and Earnings

	Net Sales †	Net Income #	No. of Com. Shares	Earn. per Share + #
1985	$ 439,028,000	$ (34,597,000)	11,347,000	$ —
1984	449,388,000	5,816,000	11,336,000	0.50
1983	192,032,000	(990,000)	11,055,000	—
1982	87,211,000	(8,089,000)	4,021,000	—
1981	72,844,000	835,000	4,020,000	0.13

(Loss)
† Of continuing operations only.
# Including extraordinary gains of $932,000 ($0.08 per share) in 1984, $2,725,000 ($0.68 per share) in 1982, $1,278,000 ($0.31 per share) in 1981 and extraordinary loss of $3,617,000 ($0.53 per share) in 1983.

Revenues By Line of Business
(000's)

	1985	1984
Retail:		
Homebuilding prods.	$ 326,226	$ 329,973
Clothing	46,787	47,240
Manufacturing:		
Homebuilding prods.	46,639	53,425
Services:		
High tech. manpower & eng.	19,376	18,750
Total	$ 439,028	$ 449,388

Common Stock Equity

	Total Equity ‡	Equity Per Share
1985	$ 31,384,525	$ 2.77
1984	66,053,025	5.83
1983	60,844,175	5.50
1982	4,831,675	1.20
1981	13,391,025	3.33

‡ After allowing for preferred stock at redemption value.

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 439,028	$ 449,388
Cost of sales	341,969	342,395
Expenses	107,822	86,376
Interest expense	17,875	16,483
Interest income	(292)	(1,412)
Other income	(853)	(1,141)
Inc. (loss) bef. taxes	$ (27,493)	$ 6,687
Income taxes (credit)	(970)	2,421
Inc. (loss) -cont. oper.	$ (26,523)	$ 4,266
Inc. (loss) -disc. oper.	(8,074)	618
Net Income (Loss)	$ (34,597)	$ 4,884
Extraord. items	—	932
Net Income (Loss) & extraord. items	$ (34,597)	$ 5,816

* Included in Costs and Expenses, Depreciation and Amortization: $9,015,000 in 1985 and $7,312,000 in 1984.

Assets
(000's)

As of Dec. 31	1985	1984
Cash	$ 766	$ 929
Receiv., net	40,637	47,817
*Inventories	65,719	63,307
Prepaid expenses	692	577
Current Assets	$ 107,814	$ 112,630
#Fixed assets	79,374	81,349
Other assets	15,790	24,562
Total Assets	$ 202,978	$ 218,541

Liabilities
(000's)

Long-term debt, curr.	$ 968	$ 1,198
Credit facilities	45,109	22,272
Accts. payable	19,635	23,272
Accruals	10,930	11,509
Deferred inc. taxes	—	581
Curr. Liabilities	$ 76,642	$ 59,232
Long-term debt	91,406	91,134
Deferred inc. taxes	—	844
Other liabilities	2,471	189
+ Preferred stock	1,074	1,089
+ + Common stock	11,347	11,336
Add. paid-in capital	63,702	63,674
Retained earnings (deficit)	(43,664)	(8,957)
Total Liabilities & Shareholders' Equity	$ 202,978	$ 218,541

* At FIFO not in excess of realizable value.
# Less accumulated depreciation and amortization.
+ $1 par value; $2.50 dividend, convertible.
+ + $1 par value.

Statistical Summary

%Net Income to Equity	—	7.27
Sales to Inventories	6.68	7.10
Debt to Equity	2.85	1.38
Working Capital	$31,172,000	$53,398,000
Current Ratio	1.41	1.90
Shareholders' Equity	$32,459,000	$67,142,000

Mobil Corporation

150 East 42nd Street
New York, New York 10017
(212) 883-4242

Officers: Rawleigh Warner, Jr., chairman of the board & chief exec. officer; Allen E. Murray, president; James Q. Riordan, sr. v.p.; George A. Birrell, v.p. & general counsel; Gerald F. Lewis, controller; R. Hartwell Gardner, treasurer; Kay Ellen Consolver, secretary.

Directors: Rawleigh Warner, Jr., chairman; George A. Birrell, Lewis M. Branscomb, Howard L. Clark, Alan Greenspan, Samuel C. Johnson, William J. Kennedy, III, Jewel S. Lafontant, Walter E. Mac Donald, Alexander H. Massad, Lee L. Morgan, Allen E. Murray, Anthony J.F. O'Reilly, James Q. Riordan, Herbert Schmertz, William W. Scranton, Eleanor B. Sheldon, William P. Tavoulareas, Richard F. Tucker, Paul J. Wolfe, Lawrence M. Woods.

Business Activities: Mobil is a producer of crude oil and natural gas, petrochemicals, plastic and paperboard packaging. Its retail operations are carried out through its subsidiary Montgomery Ward, which operates a chain of 322 conventional retail stores, 2,099 catalog facilities, 44 Jefferson Ward upscale discount stores, and 38 liquidation centers which sell both retail and catalog overstock merchandise.

Subsidiaries:

Montgomery Ward & Co., Incorporated
Mobil Oil Corporation
Mobil Oil Credit Corporation
Container Corporation of America
Mobil Chemical Company

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
1 New York Plaza
New York, New York 10081

Canada Permanent Trust Company
Yonge-Eglinton Centre
20 Eglinton Avenue, W.,
Toronto, Ontario M4R 2E2
Canada

311 Sixth Avenue, S.W.
Calgary, Alberta T2P OR6
Canada

Stock Exchange(s): New York, Boston, Cincinnati, Midwest, Pacific, Philadelphia, Toronto

Ticker Symbol: MOB

Number of Retail Outlets:

1984	589	1981	620
1983	576	1980	657
1982	599		

Sales and Earnings

	Revenues	Net Income †
1984	$ 60,474,000,000	$1,268,000,000
1983	58,998,000,000	1,503,000,000
1982	64,108,000,000	1,213,000,000
1981	68,587,000,000	2,433,000,000
1980	63,726,000,000	3,272,000,000

	No. of Com. Shares	Earn. per Share †‡
1984	407,704,000	$ 3.11
1983	406,818,000	3.70
1982	406,146,000	2.91
1981	425,444,000	5.72
1980	425,192,000	7.70

† Including extraordinary gain of $459,000,000 ($1.08 per share) in 1980.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1984	1983
Petroleum operations	$ 48,172,000	$ 47,828,000
Chemical	2,607,000	2,327,000
Paperboard pkg.	1,955,000	1,704,000
Retail merchandising	7,138,000	6,646,000
Eliminations	602,000	493,000
Total	$ 60,474,000	$ 58,998,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1984	$2.20	—	—
1983	2.00	—	—
1982	2.00	—	—
1981	2.00	—	—
1980	1.725	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1984	$ 13,624,000,000	$ 33.42
1983	13,952,000,000	34.30
1982	13,807,000,000	34.00
1981	14,657,000,000	34.45
1980	13,069,000,000	30.74

Income Account
(000's)

Year ended Dec. 31	1984	1983
Sales & services	$ 59,492,000	$ 57,996,000
Other income	982,000	1,002,000
Total revenues	$ 60,474,000	$ 58,998,000
Costs & expenses	44,653,000	43,989,000
Depreciation, depletion & amortization	2,337,000	1,892,000
Interest expense	1,111,000	814,000
Income before taxes	$ 12,373,000	$ 12,303,000
Income taxes	2,900,000	2,711,000
Other taxes	8,205,000	8,089,000
Net Income	$ 1,268,000	$ 1,503,000

Assets
(000's)

As of Dec. 31	1984	1983
Cash	$ 556,000	$ 507,000
Marketable securities	1,479,000	1,046,000
Accts. receiv., net	4,963,000	4,832,000
*Inventories	4,920,000	5,078,000
Prepaid expenses	465,000	427,000
Current Assets	$ 12,383,000	$ 11,890,000
Investments	3,381,000	2,854,000
#Fixed assets	25,530,000	19,878,000
Defer. charges	557,000	450,000
Total Assets	$ 41,851,000	$ 35,072,000

Liabilities
(000's)

Notes payable	$ 1,268,000	$ 1,185,000
Long-term debt & cap. lease oblig., curr.	321,000	372,000
Accts. payable & accruals	7,658,000	6,847,000
Taxes payable	2,714,000	2,246,000
Deferred income taxes	—	163,000
Curr. Liabilities	$ 11,961,000	$ 10,813,000
Long-term debt	11,057,000	5,162,000
Cap. lease oblig.	435,000	328,000
Reserves for empl. benefits	338,000	336,000
Minority interest	105,000	92,000
Deferred credits	1,092,000	1,074,000
Accrued restor. costs	361,000	315,000
Deferred inc. taxes	2,878,000	3,000,000
+Common stock	857,000	855,000
Add. paid-in capital	889,000	875,000
Retained earnings	14,397,000	14,025,000
Curm. for. exch. trans.	(2,037,000)	(1,321,000)
Treasury stock	(482,000)	(482,000)
Total Liabilities & Shareholders' Equity	$ 41,851,000	$ 35,072,000

* At lower of cost (LIFO) or market.

# Less accumulated depreciation, depletion and amortization.

+ $2 par value.

Statistical Summary

%Income bef. Taxes to Revenues	20.46	20.85
%Net Income to Revenues	2.10	2.55
%Net Income to Equity	9.31	10.77
Debt to Equity	0.96	0.51
Working Capital	$ 422,000,000	$ 1,077,000,000
Current Ratio	1.04	1.10
Shareholders' Equity	$13,624,000,000	$13,952,000,000

Morse Shoe, Inc.

555 Turnpike Street
Canton, Massachusetts 02021
(617) 828-9300

Officers: Manuel Rosenberg, president & chief executive officer; Thomas J. Galligan III, sr. v.p., chief financial officer & treasurer; Kenneth C. Cummins, v.p., secretary & general counsel; Daniel L. Goldberg, v.p. & director of merchandise planning; Herbert I. Rosenberg, v.p. & general merchandise manager-Leased Division; Charles F. Messina, v.p.-personnel & employee relations; Marvin G. Schwartz, v.p. & comptroller; Norman M. Weiser, v.p. & director of management information systems; Richard L. Bowen, v.p.-operations & administration; Shawn Lyons, Anthony R. Morro, asst. comptrollers; Steven G. Goldstein, asst. secretary.

Directors: Alfred L. Morse, Manuel Rosenberg, Donald C. Carroll, Jerome Zimmerman, Jesse Hill, Jr., Robert Sakowitz, Ernest J. Sargeant, Peter V. Tishman, Thomas J. Galligan, III.

Business Activities: Operates chains of retail shoe stores (Fayva, Morse and Upstage) and footwear departments in discount stores in the United States and Canada; manufactures footwear in the U.S. and Puerto Rico. Wholesale footwear in the United States, Canada and Europe.

Divisions and Subsidiaries:

Lowell Shoe, Inc.
95 Bridge Street
Lowell, Massachusetts 01852
(617) 933-4201

Morse Shoe (Canada) Ltd.
St. Laurent, Quebec, Canada

Morse Shoe International Division
Canton, Massachusetts

Isabela Shoe Corp.
Isabela, Puerto Rico

White Cap Footwear, Inc.
Comerio, Puerto Rico

Retail Divisions:

Fayva Division
Morse/Upstage Division
Leased Division
Morse Merchandising Programs

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: MRS

Number of Stores:* (at fiscal year end)

1985	1,388	1982	1,359
1984	1,307	1981	1,329
1983	1,196		

* Including leased departments.

Sales and Earnings

	Net Sales	Net Income
1985	$ 540,961,000	$ 7,164,000
1984	526,546,000	9,092,000
1983	522,964,000	19,181,000
1982	447,965,000	(2,183,000)
1981	447,211,000	10,076,000

	No. of Com. Shares	Earn. per Share ‡
1985	5,434,766	$ 1.32
1984	5,434,266	1.68
1983	5,394,174	3.57
1982	5,311,543	—
1981	5,217,463	1.91

(Loss)

‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.80	—	—
1984	0.80	—	—
1983	0.45	—	—
1982	0.50	—	—
1981	0.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 132,946,000	$ 24.46
1984	130,554,000	24.02
1983	125,665,000	23.30
1982	107,665,916‡	20.27
1981	110,689,215‡	21.22

‡ After allowing for preferred stock at liquidation value of $40.35 per share.

Income Account
(000's)

Year ended	12/28/85	12/29/84
Net sales	$ 540,961	$ 526,546
Cost of sales	327,179	321,053
Expenses	191,000	180,744
Prov. for store clos.	—	1,933
Depreciation & amortization	6,904	5,587
Interest expense	5,769	4,154
Income before taxes	$ 10,109	$ 13,075
Income taxes	2,945	3,983

Net Income	$ 7,164	$ 9,092

Assets
(000's)

As of	12/28/85	12/29/84
Cash & time deposits	$ 27,305	$ 19,313
Accounts receivable, net	26,216	23,608
Prepaid income taxes	8,240	8,075
*Inventories	140,116	127,931
Prepaid expenses	1,186	1,033
Current Assets	$ 203,063	$ 179,960
Fixed assets	49,590	41,498
Other assets	3,340	1,611
Intangibles	276	332
Total Assets	$ 256,269	$ 223,401

Liabilities
(000's)

Long-term debt, curr.	$ 4,507	$ 4,724
Accts. payable	19,428	16,562
Accruals	20,843	18,552
Dividends payable	1,087	1,087
Income taxes	2,965	3,883
Curr. Liabilities	$ 48,830	$ 44,808
Long-term debt	69,065	43,272
Other liabilities	5,428	4,767
+Common stock	5,435	5,434
Add. paid-in capital	1,997	1,936
Eq. adjust. from for. curr. trans.	(1,462)	(976)
Retained earnings	126,976	124,160
Total Liabilities & Shareholders' Equity	$ 256,269	$ 223,401

* At lower of cost or market. U.S. inventories valued at LIFO; non-U.S. inventories valued at FIFO or the retail method.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.87	2.48
%Net Income to Sales	1.32	1.73
%Net Income to Equity	5.39	6.96
Sales to Inventories	3.86	4.12
Debt to Equity	0.52	0.37
Working Capital	$154,233,000	$135,152,000
Current Ratio	4.16	4.02
Shareholders' Equity	$132,946,000	$130,554,000

Mott's Super Markets, Inc.

P.O. Box 1675
East Hartford, Connecticut 06144
(203) 289-3301

Officers: Joseph P. Mott, chairman of the board & chief exec. officer; Barry Baskind, president & chief operating officer; Lewis Ellish, vice chairman of the board; Stanley Baskind, exec. v.p.-treasurer; Peter Casasanta, sr. v.p.-perishables; Sylvia Gottlieb, v.p.-consumer affairs & secretary; Richard Z. Cohen, v.p.-merchandising & dir.-retail operations; Richard Neff, exec. v.p.; Graham Waddill, v.p. & controller.

Directors: Joseph P. Mott, Lewis Ellish, John B. Dempsey, Stanley Baskind, Marshall J. Mott, John B. Abrahms, Barry P. Baskind, Gloria Schaffer.

Business Activities: Operates a chain of Shop-Rite Supermarkets in Connecticut and Massachusetts. Three of the company's supermarkets also contain in-store prescription drug departments. In addition, two retail package store outlets are operated in Connecticut under the name "Shop-Rite Liquor Store."

Transfer Agent(s):

Connecticut Bank & Trust Company
Hartford, Connecticut

Stock Exchange(s): American

Ticker Symbol: MSM

Number of Stores: (at fiscal year end)

1985	23	1982	26
1984	26	1981	30
1983	24		

Sales and Earnings

	Net Sales	Net Income
1985	$ 290,072,839	$ (4,695,627)
1984	297,816,315	462,521
1983	295,356,637	1,540,061
1982	293,887,798	3,486,106
1981	289,342,761	4,743,791

	No. of Com. Shares	Earn. per Share †
1985	2,786,224	$ —
1984	2,786,224	0.17
1983	2,786,224	0.55
1982	2,229,343	1.25
1981	1,783,853	1.70

(Loss)
† Adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	—	—
1984	—	—	—
1983	—	25%	—
1982	—	25%	—
1981	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 25,588,388	$ 9.18
1984	30,841,260	11.07
1983	30,935,984	11.10
1982	29,959,819	13.44
1981	26,924,963	15.09

Income Account

Year ended	12/28/85	12/29/84
Net sales	$ 290,072,839	$ 297,816,315
Cost of sales	228,600,076	237,011,751
Expenses	64,791,279	59,109,018
Depreciation	2,424,801	2,276,702
Other income	(1,714,956)	(1,734,938)
Interest expense	1,079,261	545,848
Inc. (loss) bef. taxes	$ (5,107,622)	$ 607,934
Income taxes (credit)	(411,995)	145,413
Net Income (Loss)	$ (4,695,627)	$ 462,521

Assets

As of	12/28/85	12/29/84
Cash	$ 11,738,541	$ 16,407,810
Notes receivable	67,811	63,762
Accts. receiv., net	768,406	1,198,390
Refundable taxes	1,184,852	1,138,242
*Inventories	13,489,495	14,871,292
Prepaid expenses	721,712	632,243
Current Assets	$ 27,970,817	$ 34,311,739
Investments	4,377,170	5,101,203
#Fixed assets	16,563,721	17,468,090
Other assets	6,479,424	6,580,477
Total Assets	$ 55,391,132	$ 63,461,509

Liabilities

Long-term debt, curr.	$ 1,567,171	$ 1,164,696
Dividends payable	139,311	139,311
Notes payable	7,800,000	10,400,000
Accts. payable	13,125,947	14,256,720
Accruals	2,405,867	1,606,259
Curr. Liabilities	$ 25,038,296	$ 27,566,986
Long-term debt	1,364,659	2,280,259
Deferred inc. taxes	1,537,203	1,243,777
Deferred comp.	600,000	600,000
Deferred pension cost	1,262,586	929,227
+Common stock	2,786,224	2,786,224
Add. paid-in capital	20,349,978	20,349,978
Retained earnings	2,452,186	7,705,058
Total Liabilities & Shareholders' Equity	$ 55,391,132	$ 63,461,509

* At cost (FIFO) by the retail method.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.20
%Net Income to Sales	—	0.16
%Net Income to Equity	—	1.50
Sales to Inventories	21.50	20.03
Debt to Equity	0.42	0.45
Working Capital	$ 2,932,521	$ 6,744,753
Current Ratio	1.12	1.24
Shareholders' Equity	$25,588,388	$30,841,260

Munford, Inc.

1860-74 Peachtree Road N.W.
Box 7701, Station C
Atlanta, Georgia 30309
(404) 352-6641

Officers: Dillard Munford, chairman of the board & chief exec. officer; Russell C. Fellows, president & chief operating officer; Joseph W. Hardin, v.p. & treasurer; Jay E. Rubel, v.p.-administration; James M. Carroll, exec. v.p.-finance & secretary; Hiram F. Griffies, exec. v.p.-administration; Don W. Barnes, president- Majik Market Division; H.E. Lambert, v.p., corp. counsel & asst. secretary.

Directors: Dillard Munford*, chairman; Winton M. Blount*, S.B. Rymer, Jr.*, Jeff B. Davison, H. Carey Hanlin; Herbert J. Dickson*, Russell C. Fellows*, Richard K. LeBlond, II, Andrall E. Pearson.

* Member of the Executive Committee.

Business Activities: Company activities include the operation of company-owned and franchised convenience food stores under the name "Majik Market". Many of these food stores have gasoline stations operating in conjunction with them. World Bazaar import stores feature gift and home furnishing items; Leewards Craft Bazaar stores also operate refrigerated warehouses.

Divisions and Subsidiaries:

Food Stores Division
Import Stores Division
Refrigerated Warehouse Division
World Bazaar Division
Building Materials Division

Acquisition(s):

Leewards Creative Crafts, Inc.
Chain of craft stores specializing in the retail sale of needlework, hobby crafts, yarn, art supplies, and stationery.

Transfer Agent(s):

The Citizens & Southern National Bank
Atlanta, Georgia

Stock Exchange(s): New York

Ticker Symbol: MFD

Number of Stores: (at fiscal year end)

	Food	World Bazaar	Leewards
1985	837	310	47
1984	835	279	—
1983	916	223	—
1982	959	196	—
1981	987	179	—

Sales and Earnings

	Net Sales †	Net Income
1985	$ 456,562,000	$ 5,532,000
1984*	423,513,000	8,235,000
1983	395,795,000	7,510,000
1982	372,605,000	7,184,000
1981	338,920,000	5,704,000

	No. of Com. Shares #	Earn per Share #
1985	3,956,315	$ 1.40
1984*	4,159,617	1.98
1983	4,096,893	1.83
1982	3,873,869	1.85
1981	3,756,500	1.52

* 53 weeks.
† Of continuing operations only; includes other revenues.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Revenues By Line of Business
(000's)

	1985	1984
Convenience Food Stores	$ 358,478	$ 356,012
Import Stores	71,354	67,453
Craft Stores	26,730	—
Corporate & Others	—	48
Total	$ 456,562	$ 423,513

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1985	$0.54	—	—
1984	0.52	12½%	—
1983	0.42	—	5-for-4
1982	1.05	—	—

# Adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1985	$ 52,392,000	$ 13.24
1984	57,953,000	13.93
1983	49,854,000	12.17
1982	38,207,508‡	9.86
1981	30,550,805‡	8.13

‡ After allowing for preferred stock at redemption value of $10.40 per share.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Income Account

Year ended	1/2/86	1/3/85
Net sales & other rev.	$ 456,562,000	$ 423,513,000
Cost of sales	322,436,000	305,762,000
Expenses	117,072,000	98,997,000
Depreciation & amortization	7,556,000	6,630,000
Interest expense	6,021,000	3,701,000
Interest income	(495,000)	(634,000)
Gain on dispos. of plant & equip.	(458,000)	(367,000)
Equity in earnings of United Refrigerated Services, Inc.	(2,892,000)	(2,376,000)
Inc. bef. taxes	$ 7,322,000	$ 11,800,000
Income taxes	1,790,000	3,565,000
Net Income	$ 5,532,000	$ 8,235,000

Assets

As of	1/2/86	1/3/85
Cash	$ 3,327,000	$ 2,735,000
Accts. receiv., net	9,825,000	6,725,000
*Inventories	81,198,000	67,104,000
Prepaid expenses	6,997,000	5,500,000
Refundable taxes	1,587,000	—
Current Assets	$ 102,934,000	$ 82,064,000
#Fixed assets	40,684,000	26,752,000
Other assets	16,404,000	11,633,000
Cap. leases	11,740,000	15,247,000
Total Assets	$ 171,762,000	$ 135,696,000

Liabilities

Notes payable	$ 4,800,000	$ —
Long-term debt, curr.	1,714,000	1,172,000
Accts. payable	45,644,000	42,101,000
Dividends payable	508,000	551,000
Income taxes	141,000	1,269,000
Capital lease oblig., curr.	3,729,000	3,602,000
Curr. Liabilities	$ 56,536,000	$ 48,695,000
Long-term debt	43,589,000	6,913,000
Capital lease oblig.	12,070,000	16,178,000
Deferred inc. taxes	6,107,000	5,060,000
Other non-current liab.	1,068,000	897,000
+Common stock	4,163,000	4,087,000
Add. paid-in capital	23,466,000	22,464,000
Retained earnings	34,742,000	31,402,000
Treasury stock	(9,979,000)	—
Total Liabilities & Shareholders' Equity	$ 171,762,000	$ 135,696,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.60	2.79
%Net Income to Sales	1.21	1.94
%Net Income to Equity	10.56	14.21
Debt to Equity	1.26	0.48
Working Capital	$46,398,000	$33,369,000
Current Ratio	1.82	1.69
Shareholders' Equity	$52,392,000	$57,953,000

Nash Finch Company

3381 Gorham Avenue
St. Louis Park, Minnesota 55426
(612) 929-0371

Officers: Harold B. Finch, Jr., chairman & chief executive officer; R.N. Mammel, president & chief operating officer; J.O. Rodysill, v.p.; Robert F. Nash, treasurer; Burton M. West, Philip E. Bortscheller, assistant treasurers; J.F. Shekleton, controller; Norman R. Soland, secretary; Walter G. Hreno, asst. secretary.

Directors: Harold B. Finch, Jr.*, chairman; Alan W. Clark, Ann M. Crowley, R.N. Mammel*, Donald R. Miller, Robert F. Nash*, J.O. Rodysill*, J.F. Shekleton, Arthur C. Wangaard, Jr.*, Richard A. Fisher, Richard G. Lareau.

* Member of the Executive Committee.

Business Activities: Owns and operates 91 supermarkets, warehouse stores, and Family Thrift Centers. Its 12 food distribution centers supply 385 affiliated supermarkets and over 1,200 independent retailers and institutions. The firm also owns a produce marketing subsidiary in California, which sells fresh fruits and vegetables to large wholesalers and chain retailers.

Divisions and Subsidiaries:

Piggly Wiggly
Corporate and affiliated supermarkets in North and South Dakota, Minnesota and Montana.

Jack & Jill
Corporate and affiliated supermarkets in Minnesota, North and South Dakota, Iowa, Illinois, Nebraska, Kansas, Texas, Montana, Colorado, Oklahoma, Wyoming, and Wisconsin.

Me Too
Sun Mart
Clifton's
Corporate supermarkets in Iowa.

Family Thrift Center
General merchandise/food stores in Nebraska, South Dakota and North Dakota.

Food Pride
Affiliated independent supermarkets in North Carolina.

Warehouse Market, Food Bonanza, Prairie Market
Warehouse stores in Minnesota, South Dakota, North Dakota, Iowa, Nebraska, Kansas, Texas and Illinois.

The Nash DeCamp Company
Produce marketing subsidiary in California and Arizona.

The S.C. Shannon Company
Valley Cash & Carry, Inc.
Food distribution center serving independent food retailers in Wisconsin.

Econofoods
Warehouse stores in Iowa and Nebraska.

M.H. McLean Wholesale Grocery Co., Inc.
Food distribution center serving independent food retailers in North and South Carolina.

Transfer Agent(s):

Nash Finch Company
3381 Gorham Avenue
St. Louis Park, Minnesota 55426

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NAFC (NASDAQ)

Number of Stores: (at fiscal year end)

1985	91	1982	101
1984	92	1981	101
1983	99		

Sales and Earnings

	Net Sales +	Net Income
1985	$1,327,399,780	$ 12,005,731
1984	1,238,318,783	11,686,234
1983	1,142,988,030	11,066,814
1982	1,120,156,755	11,559,199
1981	1,073,520,000	10,902,000

	No. of Com. Shares #	Earn. per Share #
1985	5,097,792	$ 2.36
1984	5,089,000	2.30
1983	5,077,000	2.18
1982	5,098,000	2.27
1981	5,156,000	2.11

+ Includes operating revenues and other income.
# Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1985	1984
Wholesale	$ 759,618	$ 689,802
Retail	542,046	522,582
Product marketing	21,630	22,943
Total	$ 1,323,294	$ 1,235,327

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1985	$1.00	—	—
1984	0.97	—	—
1983	0.93	—	3-for-2
1982	0.90	—	—
1981	0.87	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share#
1985	$ 107,384,000	$ 21.03
1984	100,094,000	19.68
1983	93,404,000	18.34
1982	86,670,000	17.12

1981	80,338,000	15.67

# Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account

Year ended	12/28/85	12/29/84
Net sales	$1,307,942,484	$1,220,668,476
Other income	19,457,296	17,650,307
Total Income	$1,327,399,780	$1,238,318,783
Cost of sales	1,142,463,990	1,070,225,738
Expenses	140,797,852	128,652,338
Depreciation & amortization	14,279,279	12,034,001
Prof. sh. plan	2,100,971	2,038,216
Interest expense	5,731,953	4,199,294
Income before taxes	$ 22,025,735	$ 21,169,196
Income taxes	10,020,004	9,482,962
Net Income	$ 12,005,731	$ 11,686,234

Assets

As of	12/28/85	12/29/84
Cash	$ 298,476	$ 252,230
Cert. of deposit	600,000	160,010
Accts. receiv., net	25,661,882	21,990,225
*Inventories	95,484,414	92,854,005
Prepaid expenses	3,005,906	2,515,253
Current Assets	$ 125,050,678	$ 117,771,723
Investments	12,869,415	11,093,655
#Fixed assets	96,712,995	88,810,666
Oblig. under cap. leases	3,882,139	4,330,871
Defer. charges	756,738	441,564
Intangibles	494,754	575,492
Total Assets	$ 239,766,719	$ 223,023,971

Liabilities

Outstanding checks	$ 434,290	$ 10,337,951
Short-term debt	10,500,000	—
Long-term debt & cap. lease oblig.	3,451,767	2,852,514
Accts. payable	52,982,105	47,940,057
Accruals	9,118,668	9,696,401
Income taxes	1,380,388	638,319
Curr. Liabilities	$ 77,867,218	$ 71,465,242
Long-term debt	35,893,998	35,832,847
Cap. lease oblig., curr.	6,356,421	6,806,500
Deferred compensation	8,525,668	6,511,390
Deferred income taxes	3,375,551	2,256,053
Lease loss provision	352,574	20,995
Deferred gains	11,508	36,700
+Common stock	8,897,962	8,897,962
Add. paid-in capital	337,522	156,254
Retained earnings	100,466,787	93,561,475
Treasury stock	(2,318,490)	(2,521,447)
Total Liabilities & Shareholders' Equity	$ 239,766,719	$ 223,023,971

* At lower of cost (LIFO or FIFO) or market.
# Less accumulated depreciation.
+ $1.66⅔ par value.

Statistical Summary

%Income bef. Taxes to Sales	1.68	1.73
%Net Income to Sales	0.92	0.96
%Net Income to Equity	11.18	11.68
Sales to Inventories	13.70	13.15
Debt to Equity	0.52	0.45
Working Capital	$ 47,183,460	$ 46,305,881
Current Ratio	1.61	1.65
Shareholders' Equity	$107,383,781	$100,094,244

National Convenience Stores Incorporated

100 Waugh Drive
Houston, Texas 77007
(713) 863-2200

Officers: V.H. Van Horn, president & chief exec. officer; T.W. Ewens, sr. v.p.-corp. development; A.J. Gallerano, v.p., general counsel & secretary; J.C. Brewster, v.p.-finance & chief financial officer; Patricia A. Raybon, v.p.-internal audit; J.R. Welch, sr. v.p.-stores; R.P. Springer, v.p.-Western Division; R.C. Wortham, v.p.-real estate; N.E. Dickey, v.p.-Midwestern Division; Charles R. Jones, v.p.-marketing; Charles T. Spear, v.p.-Gulf Coast Division; Jerry M. Comstock, Jr., v.p.-West Texas Division; Michael C. Kearney, treasurer.

Directors: William Key Wilde, Raymond W. Oeland, Jr., Dunbar N. Chambers, Jr., Richard C. Steadman, Robert B. Stobaugh, V.H. Van Horn.

Business Activities: Operates a chain of 1,130 self-service convenience food stores in 11 states with the majority of the stores located in Texas. Most stores are company-owned and operated under the names Stop N Go, Shop N Go, Hot Stop, and Colonial Food Stores, and sell staple foods, groceries, beverages, snack foods, and other food items; also operates gasoline service stations.

Divisions:

Western Division
1385 Knollwood Circle, Unit B
Anaheim, California 92801
(714) 527-8810

Gulf Coast Division
615 Westshire
Houston, Texas 77013
(713) 672-7411

Midwestern Division
2521 Brown Boulevard
Arlington, Texas 76011
(817) 640-1121

West Texas Division
9000 Tesoro Drive
San Antonio, Texas 78217

Transfer Agent(s):

Centerre Trust Company of St. Louis
St. Louis, Missouri

Stock Exchange(s): New York

Ticker Symbol: NCS

Number of Stores: (at fiscal year end)

1985	1,130	1982	922
1984	1,081	1981	832
1983	1,012		

Sales and Earnings

	Net Sales	Net Income
1985	$ 927,507,000	$ 15,509,000
1984	818,988,000	18,450,000
1983	632,310,000	14,226,000
1982	617,438,000	12,185,000
1981	527,447,000	10,180,000

	No. of Com. Shares #	Earn. per Share #
1985	20,440,000	$ 0.76
1984	19,750,000	0.93
1983	19,063,000	0.75
1982	17,641,000	0.69
1981	16,743,000	0.61

# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.36	—	5-for-4
1984	0.32	—	3-for-2
1983	0.29	—	5-for-4
1982	0.26	20%	—
1981	0.22	—	—

+ Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity ‡	Equity Per Share #
1985	$ 96,114,000	$ 4.70
1984	87,336,000	5.42
1983	74,289,000	3.90
1982	60,361,000	3.42
1981	47,086,000	2.81

# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.
‡ After allowing for preferred stock at stated value.

Income Account *
(000's)

Year ended June 30	1985	1984
Net sales	$ 927,507	$ 818,988
Cost of sales	683,555	597,896
Oper. exp.	159,452	137,616
Expenses	41,777	39,626
Interest expense	19,185	14,835
Income before taxes	$ 23,538	$ 29,015
Income taxes	8,029	10,565
Net Income	$ 15,509	$ 18,450

* Included in Costs and Expenses, Depreciation and Amortization: $28,290,000 in 1985 and $23,232,000 in 1984.

Assets
(000's)

As of June 30	1985	1984
Cash	$ 11,415	$ 5,433
Accts. & notes receiv., net	5,749	3,264
Store properties	41,753	42,463
*Inventories	55,866	47,782
Prepaid expenses	4,733	2,560
Current Assets	$ 119,516	$ 101,502
#Fixed assets	282,252	223,188
Other assets & defer. charges	22,067	21,281
Total Assets	$ 423,835	$ 345,971

Liabilities
(000's)

Cap. lease oblig. & long term debts, curr.	$ 8,007	$ 4,741
Accts. payable & accrued expenses	54,869	55,649
Dividends payable	2,094	1,561
Curr. Liabilities	$ 64,970	$ 61,951
Long-term debt	159,576	100,185
Cap. lease oblig.	31,480	32,127
Deferred inc. taxes	21,693	14,370
9% Convertible debentures	50,000	50,000
Preferred stock	2	2
+Common stock	9,815	6,689
Add. paid-in capital	87,718	49,507
Retained earnings	42,729	36,355
Treasury stock	(3,016)	(2,871)
Deferred comp.	(41,132)	(2,344)
Total Liabilities & Shareholders' Equity	$ 423,835	$ 345,971

* At lower of cost (FIFO) or market; gasoline inventories at average cost.
# Less accumulated depreciation and amortization.
+ $0.41⅔ par value.

National Convenience Stores Incorporated

Statistical Summary

%Income bef. Taxes to Sales	2.54	3.54
%Net Income to Sales	1.67	2.25
%Net Income to Equity	16.14	21.12
Sales to Inventories	16.60	17.14
Debt to Equity	2.07	1.57
Working Capital	$54,546,000	$39,551,000
Current Ratio	1.84	1.64
Shareholders' Equity	$96,116,000	$87,338,000

National Hardgoods Distributors, Inc.

365 Washington Street
Stoughton, Massachusetts 02072
(617) 341-1810

Officers: Sheldon M. Woolf, president; Arthur M. Kagan, v.p. & treasurer; Jerry L. Goad, exec. v.p.; Joseph Quaresima, v.p. & gen. mdse. mgr.; Milton Bordwin, clerk.

Directors: Sheldon M. Woolf, Martin E. Feldman, Melvin Weinstein, Howard Rubin, Arthur M. Kagan.

Business Activities: Operates a chain of freestanding hardware stores in Massachusetts, Rhode Island, Connecticut and New Hampshire, as well as 1 leased department in a self-service discount department store. Hardgood merchandise includes automotive accessories, home furnishings, paint, housewares, and garden and patio goods.

Transfer Agent(s):

Continental Stock Transfer Corporation
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NHRD (NASDAQ)

Number of Stores: (at fiscal year end)

1986	20	1983	16
1985	19	1982	18
1984	18		

Sales and Earnings

	Net Sales	Net Income #
1986	$ 33,500,995	$ 488,679
1985	32,402,526	742,723
1984	26,508,753	591,765
1983	27,292,426	641,798
1982	28,506,523	(1,090,443)

	No. of Com. Shares ‡	Earn. per Share ‡#
1986	1,231,941	$ 0.40
1985	1,231,941	0.60
1984	1,231,941	0.48
1983	1,231,941	0.52
1982	1,239,568	—

(Loss)
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.
# Including extraordinary gains of $152,370 ($0.12 per share) in 1984 and $255,586 ($0.21 per share) in 1982.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	50%	—
1984	—	25%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 6,715,596	$ 5.45
1985	6,226,917	5.05
1984	5,484,467	4.45
1983	4,892,702	3.97
1982	4,250,904	3.45

‡ Adjusted to reflect stock dividends.

Income Account

Year ended	1/25/86	1/26/85
Net sales	$ 33,500,995	$ 32,402,526
Cost of sales & store oper. exp.	30,249,341	29,035,209
Expenses	1,590,503	1,353,174
Depreciation & amortization	549,905	453,650
Interest expense	226,615	216,804
Income before taxes	$ 884,631	$ 1,343,689
Income taxes	395,952	600,966
Net Income	$ 488,679	$ 742,723

Assets

As of	1/25/86	1/26/85
Cash	$ 697,970	$ 326,861
Marketable securities	74,160	67,324
Accts. receiv., net	1,007,981	288,736
Refundable inc. taxes	88,620	—
*Inventories	7,912,302	8,233,900
Prepaid expenses	235,465	178,262
Curr. Assets	$ 10,016,498	$ 9,095,083
#Fixed assets	2,069,773	1,870,029
Other assets	255,897	264,089
Total Assets	$ 12,342,168	$ 11,229,201

Liabilities

Long-term debt, curr.	$ 291,923	$ 206,725
Accts. payable	3,180,262	2,603,077
Accruals	222,294	361,101
Income taxes	—	271,402
Other taxes	130,853	134,329
Curr. Liabilities	$ 3,825,332	$ 3,576,634
Long-term debt	1,739,638	1,369,013
Deferred income taxes	61,602	56,637
+Common stock	123,194	123,194
Add. paid-in capital	1,291,893	1,291,893
Retained earnings	5,300,509	4,811,830
Total Liabilities & Shareholders' Equity	$ 12,342,168	$ 11,229,201

* At lower of cost (FIFO) or market using the retail method.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.64	4.15
%Net Income to Sales	1.46	2.29
%Net Income to Equity	7.28	11.93
Sales to Inventories	4.23	3.94
Debt to Equity	0.30	0.25
Working Capital	$6,191,166	$5,518,449
Current Ratio	2.62	2.54
Shareholders' Equity	$6,715,596	$6,226,917

New Process Company

220 Hickory Street
Warren, Pennsylvania 16366
(814) 723-3600

Officers: John L. Blair, president; Alan J. Blair, exec. vice president; Robert W. Blair, vice president and secretary; Giles W. Schutte, vice president & treasurer; vice presidents: Steven M. Blair-order handling, Robert D. Crowley-men's merchandise, John H. Carter-merch. handling, Murray K. McComas-advertising, C. Wayne Kipple-home furnishings, Michael J. Samargya-data processing, Robert B. Dietsch, women's merch. & asst. secretary; Blair T. Smoulder-planning; asst. v.p.'s: Richard E. Zimmerman-personnel, George A. Stark-mailing, Carl H. Nelson-merchandise handling, Robert L. Benson-men's merchandise, Lois S. Bartholomew-women's merchandise, Timothy J. Baker-planning, Thomas A. Stilwell-data processing; Kent R. Sivillo, asst. treasurer.

Directors: John L Blair, Alan J. Blair, Robert W. Blair, Robert B. Dietsch, Giles W. Schutte, Michael J. Samargya, John H. Carter, Murray K. McComas.

Business Activities: Mail order house. Sells men's and women's apparel, plus a broad range of home furnishings, primarily by mail. Its facilities are located in the Warren, Pennsylvania area where all functions of advertising preparation, mailing, order handling and shipping are performed.

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

Stock Exchange(s): American

Ticker Symbol: NOZ

Sales and Earnings

	Net Sales	Net Income
1985	$ 329,727,489	$ 19,169,534
1984	299,142,618	18,699,697
1983	268,286,313	16,236,095
1982	235,417,783	8,880,747
1981	231,342,871	10,955,785

	No. of Com. Shares	Earn. per Share
1985	9,414,178	$ 2.03
1984	9,483,578	1.97
1983	9,486,978	1.71
1982	9,474,728	0.93
1981	9,511,828	1.15

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.25	—	—
1984	1.20	—	—
1983	1.03	—	—
1982	0.55	—	—
1981	0.73	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 75,962,268	$ 8.07
1984	69,976,583	7.38
1983	62,723,443	6.61
1982	56,017,304	5.91
1981	52,739,518	5.54

Income Account *

Year ended Dec. 31	1985	1984
Net sales	$ 329,717,489	$ 299,142,618
Other income	13,239,658	11,619,409
Total Income	$ 342,957,147	$ 310,762,027
Cost of sales	158,073,106	143,708,256
Expenses	132,003,664	117,336,285
Prov. for doubtful accts.	14,301,843	11,781,789
Income before taxes	$ 38,578,534	$ 37,935,697
Income taxes	19,409,000	19,236,000
Net Income	$ 19,169,534	$ 18,699,697

* Included in Costs and Expenses, Depreciation: $1,598,647 in 1985 and $1,501,136 in 1984.

Assets

As of Dec. 31	1985	1984
Cash & short-term invest.	$ 21,029,339	$ 11,591,194
Accts. receiv., net	63,279,826	56,671,444
*Inventories	29,882,345	31,325,468
Prepaid expenses	318,793	239,264
Current Assets	$ 114,510,303	$ 99,827,370
#Fixed assets	10,754,507	11,275,187
Total Assets	$ 125,264,810	$ 111,102,557

Liabilities

Accts. payable	$ 20,355,009	$ 15,083,055
Accruals	4,689,997	2,398,376
Dividends payable	8,237,406	7,823,952

Income taxes	2,902,130	4,413,591
Deferred income taxes	13,118,000	11,407,000
Curr. Liabilities	$ 49,302,542	$ 41,125,974
+Common stock	419,810	419,810
Add. paid-in capital	1,953,147	1,735,125
Retained earnings	80,619,939	73,233,822
Treasury stock	(7,030,628)	(5,412,174)
Total Liabilities & Shareholders' Equity	$ 125,264,810	$ 111,102,557

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	11.70	12.68
%Net Income to Sales	5.81	6.25
%Net Income to Equity	25.24	26.72
Sales to Inventories	11.03	9.55
Working Capital	$65,207,761	$58,701,396
Current Ratio	2.32	2.43
Shareholders' Equity	$75,962,268	$69,976,583

S. E. Nichols Inc.

275 Seventh Avenue
New York, New York 10001
(212) 206-9400

Officers: Manfred Brecker, chairman; Kenneth A. Davis, president; Joseph Keller, exec. v.p.-operations; Erich Metzger, exec. v.p.-merchandising & secretary; Edward Dennenberg, sr. v.p.-merchandising; Herbert Kaltbaum, sr. v.p.-merchandising; Marcie Davis, v.p.; Lee Lobelson, v.p..-administration; Frederick J. Schreiber, president-Schreiber division; H. Joseph Klein, v.p.-security and loss prevention; Joseph Keller, Jr., v.p.-store systems; Maarten D. Hemsley, sr. v.p.-finance, treasurer, and chief financial officer; Lester Levy, v.p.-data processing.

Directors: Manfred Brecker, chairman; Irving M. Rosenbaum, vice chairman; Joseph Keller, Erich Metzger, Kenneth Davis, Melvin Katz, Stanley Roth, Jr., Howard L. Blum, Jr.

Business Activities: Operates a chain of self-service discount department stores under the name "Nichols" and "Nichols Discount City" in New York, Pennsylvania, New Jersey, Maryland, Virginia, South Carolina, Delaware, West Virginia, North Carolina and Ohio. Operates automotiye service centers in 39 stores, licensed pharmacies in 21 stores, do-it-yourself home improvement centers in 32 stores, and outdoor garden and patio shops in all stores.

Division:

F.R. Schreiber Company
Lititz, Pennsylvania
Distributes hardware, health and beauty aids, housewares, and other related products.

Transfer Agent(s):

Mellon Bank, N.A.
Mellon Square
Pittsburgh, Pennsylvania 15230

Stock Exchange(s): American

Ticker Symbol: NCL

Number of Stores: (at fiscal year end)

1985	44	1982	43
1984	42	1981	43
1983	42		

Sales and Earnings

	Revenues	Net Income
1985	$ 294,110,338	$ 6,270,034
1984	277,303,147	6,803,713
1983	256,866,863	2,520,806
1982	242,842,749	(464,887)
1981	224,571,948	242,709

	No. of Com. Shares †	Earn. per Share †
1985	4,649,371	$ 1.35
1984	4,646,371	1.58
1983	3,848,871	0.65
1982	3,848,871	—
1981	3,838,871	0.06

(Loss)
† Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$ —	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	—
1981	0.03	10%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 45,406,565	$ 9.77
1984	39,127,906	8.42
1983	25,123,264	6.53
1982	22,602,458	5.87
1981	23,051,345	6.00

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended Jan. 31	1985	1984
Net sales	$ 268,021,376	$ 258,946,294
Other income	26,088,962	18,356,853
Total Income	$ 294,110,338	$ 277,303,147
Cost of sales	198,766,518	187,822,255
Expenses	80,100,733	73,448,883
Interest expense	3,504,053	3,518,258
Income before taxes	$ 11,739,034	$ 12,513,751
Income taxes	5,469,000	5,710,038
Net Income	$ 6,270,034	$ 6,803,713

* Included in Costs and Expenses. Depreciation: $2,584,248 in 1985 and $2,244,539 in 1984.

Assets

As of Jan. 31	1985	1984
Cash	$ 22,673,648	$ 19,691,282
Receiv., net	5,553,952	4,760,744
*Inventories	65,413,622	56,680,836
Prepaid expenses	4,995,857	5,919,751
Current Assets	$ 98,637,079	$ 87,052,613
#Fixed assets	21,322,270	15,829,818
Other assets	1,712,077	964,835
Total Assets	$ 121,671,426	$ 103,847,266

Liabilities

Long-term debt, curr.	$ 707,241	$ 1,230,547
Cap. lease oblig., curr.	857,977	991,197
Accts. payable	17,869,696	19,880,666
Accruals	8,853,760	8,421,015
Income taxes	989,976	977,886
Deferred tax liability	656,000	582,000
Curr. Liabilities	$ 29,934,650	$ 32,083,311
Long-term debt	43,199,050	29,491,544
Cap. lease oblig.	2,194,985	2,719,329
Deferred tax liability	936,176	425,176
+Common stock	464,937	464,637
Add. paid-in capital	15,642,183	15,633,858
Retained earnings	29,299,445	23,029,411
Total Liabilities & Shareholders' Equity	$ 121,671,426	$ 103,847,266

* At lower of cost or market, by the retail method.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.38	4.83
%Net Income to Sales	2.34	2.63
%Net Income to Equity	13.81	17.39
Sales to Inventories	4.10	4.57
Working Capital	$68,702,429	$54,969,302
Current Ratio	3.30	2.71
Shareholders' Equity	$45,406,565	$39,127,906

Nordstrom, Inc.

1501 Fifth Avenue
Seattle, Washington 98101
(206) 628-2111

Officers: Bruce A. Nordstrom, John N. Nordstrom, co-chairmen of the board; James F. Nordstrom, president; John A. McMillan, exec. v.p.; Robert E. Bender, sr. v.p.; Barden Erickson, Jack Irving, Elizabeth Sanders, Raymond A. Johnson, Bob Nunn, Cindy Demme, R. Gary Baughn, Dale Crichton, Darrel Hume, Gail Lessler, Suzanne Patneaude, Malinda Walderhaug, Paul Hunter, v.p.'s; Karen E. Purpur, secretary; John A. Goesling, sr. v.p. & treasurer.

Directors: Bruce A. Nordstrom*, John N. Nordstrom*, John A. McMillan*, James F. Nordstrom*, Robert E. Bender, D. Wayne Gittinger, John F. Harrigan, Malcolm T. Stamper, Elizabeth Crownhart Vaughan, Charles A. Lynch, William D. Ruckelshaus.

*Member of the Executive Committee.

Business Activities: Operates a chain of retail specialty stores located in Washington, Oregon, Alaska, California, Utah and Montana, and leased shoe departments are operated in Hawaii.

Subsidiaries:

Nordstrom Credit, Inc.
Nordstrom Hawaii, Inc.
Nordstrom Realty, Inc.

Transfer Agent(s):

First Interstate Bank of California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NOBE (NASDAQ)

Number of Stores:(at fiscal year end)

	Specialty Stores	Shoe Stores	Clearance Stores	Leased Shoe Depts.
1986	44	1	7	11
1985	39	1	4	10
1984	35	1	3	10
1983	35	1	—	11
1982	33	1	—	9

Sales and Earnings

	Net Sales	Net Income
1986	$1,031,857,000	$ 50,079,000
1985	958,678,000	40,711,000
1984	768,677,000	40,239,000
1983	598,666,000	27,013,000
1982	512,188,000	24,775,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	20,178,489	$ 2.61
1985	18,686,893	2.18
1984	18,683,718	2.15
1983	16,857,056	1.60
1982	16,557,988	1.50

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	$0.44	—	—
1985	0.40	—	—
1984	0.28	100%	—
1983	0.25	—	—
1982	0.22	—	—

† Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 314,119,000	$ 16.86
1985	271,709,000	14.61
1984	237,734,000	12.83
1983	201,673,000	10.92
1982	149,071,000	9.06

† Adjusted to reflect stock dividend.

Income Account *
(000's)

Year ended Jan. 31	1986	1985
Net sales	$ 1,301,857	$ 958,678
Cost of sales	893,874	648,270
Expenses	326,758	243,845
Interest expense	30,482	20,682
Service charge inc.	(36,636)	(26,630)
Income before taxes	$ 87,379	$ 72,511
Income taxes	37,300	31,800
Net Income	$ 50,079	$ 40,711

* Included in Costs and Expenses, Depreciation & Amortization: $37,438,000 in 1986 and $26,367,000 in 1985.

Assets
(000's)

As of Jan. 31	1986	1985
Cash	$ 7,298	$ 5,915
Accts. & notes receiv., net	77,055	82,750
*Inventories	226,017	162,361
Prepaid expenses & other assets	6,258	5,353
Current Assets	$ 316,628	$ 256,379
#Fixed assets	397,380	313,818
Invest. in Nordstrom credit	48,005	30,680
Other assets	1,380	413
Total Assets	$ 763,393	$ 601,290

Liabilities
(000's)

	1986	1985
Long-term debt, curr.	$ 4,939	$ 5,150
Accts. payable	94,913	74,055
Accruals	13,478	9,275
Accrued payroll and taxes	47,685	34,510
Income taxes	46,001	42,674
Curr. Liabilities	$ 207,016	$ 165,664
Long-term debt	195,515	124,931
Obligations under cap. leases	25,965	26,706
Deferred taxes	20,778	12,280
+Common stock	68,190	67,672
Retained earnings	245,929	204,037
Total Liabilities & Shareholders' Equity	$ 763,393	$ 601,290

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	6.71	7.38
%Net Income to Sales	3.85	4.14
%Net Income to Equity	15.94	14.98
Sales to Inventories	5.76	6.05
Debt to Equity	0.72	0.58
Working Capital	$109,612,000	$139,985,000
Current Ratio	1.53	1.55
Shareholders' Equity	$314,119,000	$271,709,000

The Oshawa Group Limited

302 The East Mall
Islington, Ontario, Canada M9B 6B8
(416) 236-1971

Officers: Ray D. Wolfe, chairman of the board & chief exec. officer; Allister P. Graham, president & chief operating officer; Philip F. Connell, sr. v.p. & chief financial officer; William L. Atkinson, group v.p.-general merchandise; Jack B. Wolfe, group v.p.-food service and produce companies; Sam Crystal, v.p.-public affairs; Paul B. Nielsen, v.p.-industrial relations; Matilda Manojlov, v.p.-profit improvement; Sidney Pasoff, v.p.-management information services; Murray C. Goldman, v.p.-development; Donald A. Smith, v.p.-human resources; E. Leonard Besler, controller; Leonard Eisen, treasurer; Harold J. Wolfe, secretary & general counsel.

Directors: William L. Atkinson, Allister P. Graham, Charles Perrault, Arthur J.R. Smith, Harold J. Wolfe, Harvey S. Wolfe, Philip F. Connell, Ray D. Wolfe, Jack B. Wolfe, Jonathan A. Wolfe, Donald Carr.

Business Activities: Canadian food supplier through retail outlets in Ontario, Quebec, the Atlantic provinces, Manitoba and Saskatchewan. These comprise franchise markets (including IGA markets) as well as company-owned food markets (Food City Markets, Dutch Boy Food Markets). Also a food wholesaler (Codville Distributors in Manitoba, Saskatchewan and Northwestern Ontario; Toronto Food Division in Ontario; Hudon et Deaudelin limitée in Quebec and Bolands Limited in the Atlantic Provinces) and food supplier to institutional customers (Hickeson-Langs Supply Company.) The Ontario Produce Company and White & Co. operate Towers Department Stores in Ontario and the Atlantic Provinces and Bonimart Department Stores in Quebec. Kent Drugs Limited, a subsidiary, operates Drug City, Metro Drugs, Discount Marts, pharmacies in Towers Department Stores. Also operates real estate subsidiaries.

Divisions and Subsidiaries:

Bolands Limited
Codville Distributors
Kent Drugs Limited
Langs Cold Storage
The Ontario Produce Company
Restaurants Division
Towers Department Stores
Hudon et Deaudelin limitée
Model Laundry

Divisions:

Dutch Boy Food Markets
Hickeson-Langs Supply Company
Real Estate Division
The White & Company
Oshawa Foods
Beverage Dispenser Division
Elliott Marr and Company Limited

Transfer Agent(s):

The Canada Trust Company
Toronto, Montreal, Calgary, Vancouver and Regina

Stock Exchange(s): Toronto, Montreal

Ticker Symbol: OSH.A

Number of Stores: (at fiscal year end)

	IGA Associates and Other Franchise Food Markets	Company-Owned Food Markets	Disc. Dept. Stores
1986	1,041	112	48
1985	1,012	82	48
1984	918	83	47
1983	799	77	47
1982	779	81	47

	Pharmacies	Drug Marts	Health & Beauty Aid Stores
1986	23	50	—
1985	22	47	—
1984	22	46	—
1983	23	46	5
1982	22	30	5

	Convenience and Cash & Carry Stores	Restaurants and Snack Bars
1986	459	53
1985	331	54
1984	305	56
1983	278	60
1982	248	66

Sales and Earnings

	Net Sales (000's)	Net Income# (000's)
1986	$ 3,102,447	$ 40,986
1985	2,665,774	36,179
1984	2,434,985	25,895
1983	2,118,285	18,327
1982	1,896,569	15,417

	No. of Com. Shares +	Earn. per Share #‡
1986	15,928,371	$ 2.58
1985	15,893,746	2.28
1984	15,835,492	1.83
1983	13,776,572	1.33
1982	13,678,546	1.13

‡ Based on the weighted average Class A and common shares combined outstanding adjusted to reflect stock split.
+ Class A and common shares combined outstanding adjusted to reflect stock split.
# Including extraordinary gains of $126,000 ($0.01 per share) in 1986, $1,415,000 ($0.11 per share) in 1983 and $107,000 ($0.01 per share) in 1982.

Revenues By Line of Business
(000's)

	1986	1985
Food Distribution	$ 2,589,526	$ 2,185,813
General Merchandise	503,672	471,146
Real Estate	9,249	8,815
Total	$ 3,102,447	$ 2,665,774

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.48	—	—
1985	0.40½	—	2-for-1
1984	0.33	—	—
1983	0.30	—	—
1982	0.28¼	—	—

‡ Class A and common shares combined adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 260,381,000	$ 16.35
1985	226,084,000	14.22
1984	195,223,000	12.33
1983	142,774,000	10.36
1982	127,825,000	9.34

‡ Based on the weighted average number of combined Class A and common shares outstanding adjusted to reflect stock split.

Income Account
(000's)

Year ended	1/25/86	1/26/85
Net sales	$ 3,102,447	$ 2,665,774
Cost of sales & expenses	3,010,879	2,585,192
Depreciation	17,572	15,189
Interest expense	6,908	7,258
Int. & dividends earned	(4,077)	(5,464)
Income before taxes	$ 71,165	$ 63,599
Income taxes	30,305	27,420
Net Income	$ 40,860	$ 36,179
Extraord. gain	126	—
Net Income & extraord. gain	$ 40,986	$ 36,179

Assets
(000's)

As of	1/25/86	1/26/85
Cash & marketable sec.	$ 11,945	$ 40,500
Accts. receiv., net	96,304	76,041
Real estate held for sale	6,244	2,256
*Inventories	214,910	176,744
Prepaid expenses	5,726	4,971
Current Assets	$ 335,129	$ 300,512
#Fixed assets	217,534	174,976
Other assets	15,021	8,434
Total Assets	$ 567,684	$ 483,922

Liabilities
(000's)

Bank indebtedness & notes payable	$ 31,412	$ 23,628
Long-term debt, curr.	1,394	1,532
Accts. pay. & accruals	195,410	153,145
Income taxes payable	4,932	11,200
Curr. Liabilities	$ 233,148	$ 189,505
Long-term debt	56,918	56,255
Deferred inc. taxes	17,237	12,078
+Common stock	44	44
+Class A stock	95,248	94,299
Retained earnings	165,089	131,741
Total Liabilities & Shareholders' Equity	$ 567,684	$ 483,922

* At lower of cost (FIFO) and net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.29	2.38
%Net Income to Sales	1.32	1.35
%Net Income to Equity	15.74	16.00
Sales to Inventories	14.44	15.08
Debt to Equity	0.34	0.36
Working Capital	$101,981,000	$111,007,000
Current Ratio	1.44	1.58
Shareholders' Equity	$260,381,000	$226,084,000

Oshkosh B'Gosh, Inc.

112 Otter Avenue
Oshkosh, Wisconsin 54901
(414) 231-8800

Mailing address:

P.O. Box 300
Oshkosh, Wisconsin 54902

Officers: C.F. Hyde, president & chief exec. officer; T.R. Wyman, exec. v.p.; W.P. Jacobsen, v.p. & treasurer; J.F. Beckman, v.p.-sales; A.S. Giordano, v.p.-mfg.; S.R. Duback, secretary; K.H. Masters, asst. v.p.-mfg.; D.W. Hyde, v.p.-merchandising; M.D. Wachtel, dir. of operations.

Directors: C.F. Hyde, W.P. Jacobsen, T.R. Wyman, S.R. Duback, J.C. Packard.

Business Activities: Manufactures and markets workwear and sportswear for adults, and casualwear and playwear for children, under the OshKosh B'Gosh and OshKosh names. Also operates nine Genuine Article factory retail outlets in six states, with the greatest number of stores (4) being located in Wisconsin.

Subsidiary:

Oshkosh B'Gosh International Sales, Inc.
Oshkosh, Wisconsin

Transfer Agent(s):

First Wisconsin Trust Co.
Milwaukee, Wisconsin

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GOSHA, GOSHB (NASDAQ)

Number of Stores: (at fiscal year end)

1985	9	1984	6

Sales and Earnings

	Net Sales	Net Income
1985	$ 162,109,000	$ 14,046,000
1984	137,423,000	12,853,000
1983	92,299,238	8,237,214
1982	60,969,665	5,327,200
1981	47,528,748	3,779,471

	No. of Com. Shares +	Earn. per Share ‡
1985	7,292,900	$ 1.93
1984	7,296,300	1.76
1983	7,320,300	1.13
1982	7,323,160	0.73
1981	7,325,960	0.50

+ Adjusted to reflect recapitalization.
‡ Based on the weighted average number of shares outstanding adjusted to reflect recapitalization.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.7799	—	20-for-1
1984	0.7005	—	—
1983	0.4348	—	—
1982	0.3092	—	—
1981	0.2705	—	—

+ Adjusted to reflect recapitalization.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 47,536,000	$ 6.52
1984	36,072,000	4.94
1983	26,153,031	3.57
1982	19,571,507	2.67
1981	15,424,833	2.11

‡ Adjusted to reflect recapitalization.

Income Account *

Year ended Dec. 31	1985	1984
Net sales	$ 162,109,000	$ 137,423,000
Cost of sales	113,511,000	96,033,000
Expenses	20,932,000	15,821,000
Interest expense	1,169,000	1,088,000
Interest income	(232,000)	(512,000)
Misc. income	(167,000)	—
Income before taxes	$ 26,896,000	$ 24,993,000
Income taxes	12,850,000	12,140,000
Net Income	$ 14,046,000	$ 12,853,000

* Included in Costs and Expenses, Depreciation: $2,342,000 in 1985 and $1,775,000 in 1984.

Assets

As of Dec. 31	1985	1984
Cash	$ 3,577,000	$ 628,000
Accts. receiv., net	15,113,000	12,688,000
*Inventories	33,345,000	27,240,000
Prepaid expenses	204,000	48,000
Current Assets	$ 52,239,000	$ 40,604,000
#Fixed assets	16,988,000	14,516,000
Other assets	1,498,000	1,218,000
Total Assets	$ 70,725,000	$ 56,338,000

Liabilities

Long-term debt, curr.	$ 1,140,000	$ 922,000
Accts. payable	5,937,000	7,927,000
Dividends payable	652,000	—
Accruals	2,092,000	1,736,000
Income taxes	2,189,000	754,000
Other liabilities	1,585,000	1,098,000
Curr. Liabilities	$ 13,595,000	$ 12,437,000
Long-term debt	8,792,000	7,330,000
Deferred income taxes	143,000	60,000
Deferred compensation	659,000	439,000
+Common stock:		
Class A	55,000	55,000
Class B	18,000	18,000
Add. paid-in capital	3,044,000	1,751,000
Retained earnings	44,419,000	34,248,000
Total Liabilities & Shareholders' Equity	$ 70,725,000	$ 56,338,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	16.59	18.19
%Net Income to Sales	8.66	9.35
%Net Income to Equity	29.55	35.63
Sales to Inventories	4.86	5.04
Debt to Equity	0.21	0.23
Working Capital	$38,644,000	$28,167,000
Current Ratio	3.84	3.26
Shareholders' Equity	$47,536,000	$36,072,000

Oshman's Sporting Goods, Inc.

2302 Maxwell Lane
Houston, Texas 77023
(713) 928-3171

Officers: Jeanette Oshman Efron, chairman of the board; Alvin N. Lubetkin, vice chairman of the board, chief exec. officer & chairman of the exec. committee; Marvin Aronowitz, president & chief operating officer; Joe D. Nanny, Charles Rosemond, sr. v.p.'s; Edward R. Carlin, v.p. & chief financial officer; Allan Lisse, Glen B. Boyd, Edgar H. Regan, Michael B. Karchmer, v.p.'s; Richard L. Bockart, v.p. & treasurer; A. Lynn Boerner, controller.

Directors: Jeanette Oshman Efron, chairman; Alvin N. Lubetkin*, Marvin Aronowitz*, Fred M. Gerson, Richard L. Bockart*, Paul Stoffel, Judy O. Margolis, Marilyn O. Lubetkin, Edward R. Carlin*.

* Member of the Executive Committee.

Business Activities: Operates a chain of sporting goods stores in Texas, Georgia, Arizona, California, Alabama, Nevada, New Mexico, Hawaii, Oklahoma, Arkansas, Tennessee, Louisiana, and Florida. Stores operate under the name Oshman's. Also operates 25 Abercrombie & Fitch stores in 12 states and Washington, D.C., offering up-scale sportswear, sporting goods equipment, and unique gift items.

Divisions:

Oshman's Sporting Goods, International
Honsport (Hawaii)
Abercrombie & Fitch Company
Oshman Athletic Goods

Transfer Agent(s):

MBank Houston N.A.
Houston, Texas

Oshman's Sporting Goods, Inc.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: OSHM (NASDAQ)

Number of Stores: (at fiscal year end)

1986	209	1983	177
1985	192	1982	149
1984	186		

Sales and Earnings

	Net Sales	Net Income
1986	$ 312,261,000	$ 8,536,000
1985*	304,419,000	10,069,000
1984	283,238,000	10,303,000
1983	247,264,000	7,091,000
1982	216,427,000	7,552,000

	No. of Com. Shares #	Earn. per Share #
1986	5,924,000	$ 1.40
1985*	6,406,000	1.53
1984	6,767,000	1.52
1983	6,755,000	1.05
1982	6,736,839	1.12

* 53 weeks.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.20	—	—
1985	0.20	—	—
1984	0.17	—	—
1983	0.16	—	—
1982	0.15	50%	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 62,938,000	$ 10.62
1985	63,909,000	9.98
1984	61,451,000	9.08
1983	52,187,000	7.73
1982	46,024,000	6.83

+ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Income Account *
(000's)

Year ended	2/1/86	2/2/85
Net sales	$ 312,261	$ 304,419
Cost of sales	187,323	182,055
Expenses	111,674	103,844
Other income	(3,428)	(1,899)
Interest expense	2,556	2,050
Income before taxes	$ 14,136	$ 18,369
Income taxes	5,600	8,300
Net Income	$ 8,536	$ 10,069

* Included in Costs and Expenses, Depreciation and Amortization: $5,022,000 in 1986 and $4,304,000 in 1985.

Assets
(000's)

As of	2/1/86	2/2/85
Cash	$ 11,604	$ 12,667
Accts. receiv., net	8,436	7,690
*Inventories	81,764	67,664
Prepaid expenses	2,436	2,483
Current Assets	$ 104,240	$ 90,504
#Fixed assets	37,004	32,001
Intangibles	598	660
Total Assets	$ 141,882	$ 123,165

Liabilities
(000's)

Long-term debt, curr.	$ 3,350	$ 2,404
Accts. payable	25,438	21,567
Accruals	15,325	12,016
Income taxes	5,803	6,720
Curr. Liabilities	$ 49,916	$ 42,707
Long-term debt	25,292	13,617
Deferred inc. taxes	3,736	2,932
+ Common stock	5,924	6,406
Add. paid-in capital	1,139	1,232
Retained earnings	55,875	56,271
Total Liabilities & Shareholders Equity	$ 141,882	$ 123,165

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.53	6.03
%Net Income to Sales	2.73	3.30
%Net Income to Equity	13.56	15.75
Sales to Inventories	3.82	4.49
Debt to Equity	0.46	0.25
Working Capital	$54,324,000	$47,797,000
Current Ratio	2.09	2.11
Shareholders' Equity	$62,938,000	$63,909,000

Pacific Gamble Robinson Co.

4103 Second Avenue South
Seattle, Washington 98134
(206) 624-0111

Officers: Douglas S. Gamble, president; E.A. Thompson, exec. vice president; Donald P. Gamble, Jr., vice president; E.W. Sandygren, v.p. & secretary; John L. Knutson, treasurer; Richard Elzner, Ethel E. Ratfield, Douglas R. Hendel, asst. secretaries.

Directors: Mervin Arenchild, Douglas S. Gamble*, E.A. Thompson*, Donald P. Gamble, Jr., Douglas R. Hendel, Norman C. Morrison, E.W. Sandygren*, Virginia L. Parks, George K. Gosko, Hans G. Willers.

* Member of the Executive Committee.

Business Activities: Operates 25 conventional supermarkets (Family Market and Tradewell Stores) and 60 wholesale type markets (Prairie Markets). These stores are located in Oregon, Washington and California. Also conducts shipping, distributing and trucking operations.

Divisions and Subsidiaries:

Retail Division
Kent, Washington 98031
(206) 226-3700

Tradewell Stores, Inc.
Prairie Market
Family Market

Shipping Division
Fremont, California 94538
(415) 656-1311

Pacific Fruit & Produce Co.
Pacific Fruit Company
International Fruit Distributors
Growers Container Supply Corp.
Management Services International, Inc.
Food Products International

Trucking Division
Seattle, Washington 98108
(206) 767-3605

Distribution Division
Seattle, Washington 98124
(206) 624-0111

Pacific Fruit & Produce Co.
Gamble Robinson Co.
Wisconsin Distributing Co. of Wausau, Inc.
Slade & Stewart Ltd.

Manufacturing Division
Minneapolis, Minnesota 55405
(612) 338-8566

NEPA Pallet & Container Co., Inc.
Select Pallet Co.

Transfer Agent(s):

Rainier National Bank
P.O. Box 24407
Seattle, Washington 98124

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PGAM (NASDAQ)

Number of Stores: (at fiscal year end)

1984	85	1981	107
1983	N.A.	1980	119
1982	107		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1984	$ 842,074,626	$ 1,392,970
1983	833,199,313	3,121,046
1982	836,878,357	3,781,032
1981	810,357,140	4,598,170
1980	750,239,006	6,000,845

	No. of Com. Shares #	Earn. per Share #
1984	1,967,597	$ 0.71
1983	1,938,573	1.61
1982	1,898,442	1.99
1981	2,077,870	2.21
1980	2,071,093	2.59

# Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1984	$1.42	2%	—
1983	1.54	2%	—
1982	1.51	2%	—
1981	1.48	2%	—
1980	1.43	2%	—

# Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share #
1984	$ 53,831,000	$ 27.14
1983	55,071,000	28.22
1982	53,885,000	28.26
1981	58,106,000	27.90
1980	56,665,000	27.31

# Adjusted to reflect stock dividends.

Income Account *

Year ended Dec. 31	1984	1983
Net sales	$ 842,074,626	$ 833,199,313
Cost of sales	672,724,697	664,212,202
Expenses	165,333,341	160,472,122
Oper. profit	$ 4,016,588	$ 8,514,989
Other income	4,280,737	1,752,587
Total	$ 8,297,325	$ 10,267,576
Interest expense	6,172,355	5,648,530
Income before taxes	$ 2,124,970	$ 4,619,046
Income taxes	732,000	1,498,000
Net Income	$ 1,392,970	$ 3,121,046

* Included in Costs and Expenses, Depreciation and Amortization: $9,616,181 in 1984 and $9,190,446 in 1983.

Assets

As of Dec. 31	1984	1983
Cash	$ 3,917,642	$ 2,165,634
Accts. receiv., net	29,388,185	31,284,473
Other receiv.	7,316,292	6,030,123
*Inventories	37,022,964	44,827,051
Prepaid expenses & defer. inc. taxes	3,399,808	3,188,048
Current Assets	$ 81,044,891	$ 87,495,329
#Fixed assets	63,617,501	63,449,174
Other assets	2,584,058	4,303,095
Total Assets	$ 142,619,902	$ 156,030,536

Liabilities

	1984	1983
Outstanding checks	$ —	$ 8,553,392
Long-term debt, curr.	5,946,759	1,321,725
Oblig. under cap. leases, curr.	1,403,683	1,334,741
Accts. payable & accruals	37,690,663	36,242,645
Income taxes	1,744,010	1,894,914
Curr. Liabilities	$ 46,785,115	$ 49,347,417
Long-term debt	21,895,988	32,448,538
Oblig. under cap. leases	14,842,582	14,532,917
Deferred income taxes	5,265,500	4,630,500
+ Common stock	10,741,055	10,481,700
Add. paid-in capital	17,386,978	16,564,931
Retained earnings	30,685,697	33,089,653
Treasury stock	(4,208,964)	(4,750,144)
Foreign currency translation	(774,049)	(314,976)
Total Liabilities & Shareholders' Equity	$ 142,619,902	$ 156,030,536

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $5 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.25	0.55
%Net Income to Sales	0.17	0.37
%Net Income to Equity	2.59	5.67
Sales to Inventories	22.74	18.59
Working Capital	$34,259,776	$38,147,912
Current Ratio	1.73	1.77
Shareholders' Equity	$53,830,717	$55,071,164

Paul Harris Stores, Inc.

6003 Guion Road
P.O. Box 68162
Indianapolis, Indiana 46268
(317) 293-3900

Officers: Gerald Paul, chairman & chief executive officer; David R. Bomberger, president; Edward J. Galm, sr. v.p.-finance & treasurer; Howard W. Barnett, v.p.-real estate; Russell Frankel, v.p.-stores administration; Cynthia Harris, v.p.-merchandising; Paul G Cavalli, v.p.-marketing; William L. Lawrence, Jr., controller & secretary; Ray Miller, asst. treasurer; Jerry Preis, v.p.-merchandising; Helen L. Price, v.p.-accessories; Richard Smithson, v.p.-merchandising; Rex Steffey, v.p.-planning & distribution; James Stancil, dir.-stores.

Directors: Earl Harris, Gerald Paul, Eugene L. Step, Allen L. Boorstein, William E. Fruhan, David R. Bomberger, Irwin Katz, Tomio Taki.

Business Activities: Operates retail clothing stores primarily for the fashion-conscious woman in the 18 to 35 age group, under the name Paul Harris. Also operates 39 discount clothing stores for men and women under the name Clothes Out Junction stores, and two sportswear retail stores for women under the name Pasta.

Transfer Agent(s):

Merchants National Bank
Indianapolis, Indiana

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PHRS (NASDAQ)

Number of Stores: (at fiscal year end)

1985	223	1982	172
1984	190	1981	172
1983	171		

Sales and Earnings

	Net Sales	Net Income
1986	$ 125,864,000	$ 4,757,000
1985	111,175,000	4,019,000
1984	101,053,000	3,398,000
1983	90,385,858	706,083
1982	86,339,159	(1,136,608)

	No. of Com. Shares +	Earn. per Share +
1986	5,525,000	$ 0.86
1985	4,966,000	0.81
1984	4,432,000	0.77
1983	3,566,000	0.20
1982	3,548,000	—

(Loss)
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	2-for-1
1985	—	—	—
1984	—	—	4-for-3

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 37,939,000	$ 6.87
1985	22,912,000	4.61
1984	18,773,000	4.24
1983	10,671,774	2.99
1982	9,965,691	2.81

‡ Adjusted to reflect stock splits.

Income Account

Year ended	2/1/86	2/2/85
Net sales	$ 125,864,000	$ 111,175,000
Cost of sales	79,599,000	69,661,000
Expenses	33,818,000	30,313,000
Depreciation	3,124,000	2,478,000
Interest expense	876,000	1,328,000
Income before taxes	$ 8,447,000	$ 7,395,000
Income taxes	3,690,000	3,376,000
Net Income	$ 4,757,000	$ 4,019,000

Assets

As of	2/1/86	2/2/85
Cash & short-term invest	$ 404,000	$ 691,000
Accts. receiv., net	1,272,000	761,000
*Inventories	33,228,000	22,724,000
Prepaid expenses	272,000	1,256,000
Current Assets	$ 35,176,000	$ 25,432,000
#Fixed assets	24,881,000	18,325,000
Other assets	383,000	488,000
Total Assets	$ 60,440,000	$ 44,245,000

Liabilities

	2/1/86	2/2/85
Notes payable	$ —	$ 3,300,000
Long-term debt, curr.	222,000	1,099,000
Accts. payable	7,014,000	4,811,000
Accruals	1,500,000	1,610,000
Accrued payroll	1,299,000	1,343,000
Income taxes payable	155,000	814,000
Curr. Liabilities	$ 10,190,000	$ 12,977,000
Long-term debt	11,125,000	7,387,000
Deferred inc. taxes	1,186,000	969,000
+ Common stock	13,509,000	7,106,000
+ + Class B Common stock	192,000	—
Add. paid-in capital	3,917,000	—
Retained earnings	20,321,000	15,806,000
Total Liabilities & Shareholders' Equity	$ 60,440,000	$ 44,245,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.
+ + No par value; $0.10 stated value.

Statistical Summary

%Income bef. Taxes to Sales	6.71	6.65
%Net Income to Sales	3.78	3.62
%Net Income to Equity	12.54	17.54
Sales to Inventories	3.79	4.89
Debt to Equity	0.30	0.51
Working Capital	$24,986,000	$12,455,000
Current Ratio	3.45	1.96
Shareholders' Equity	$37,939,000	$22,912,000

Pay 'N Pak Stores, Inc.

1209 South Central
Kent, Washington 98032
(206) 854-5450

Mailing Address:

P.O. Box 8808
Kent, Washington 98031-0480

Officers: David J. Heerensperger, chairman of the board & chief exec. officer; Marshall J. Weigel, vice chairman; Jerry L. Marlow, president & chief operating officer; Monte A. Leen, executive vice president; Peter W. Gallina, sr. v.p.-real estate & store development; Victor W. Crosswhite, v.p.-purchasing; Douglas G. Southern, v.p.-finance & secretary-treasurer; Calvin E. Karbowski, v.p.-distribution; George E. Smith, v.p.-training; Fred R. Brotherton, v.p. & controller; Barbara I. Collett, v.p.-personnel & labor relations; Herbert E. McCleary, v.p.-advertising; Marvin C. Iverson, v.p.-construction; Paul B. Morris, v.p.-store planning & design; Steven C. Unash, v.p.-store merchandising.

Directors: David J. Heerensperger, chairman; Woodrow C. Button, Marshall J. Weigel, Jerry L. Marlow, Monte A. Leen, Jerry Horn.

Areas of Work: Operates a chain of stores which features a complete line of home improvement products, including electrical and plumbing supplies, building materials, cabinets and built-in appliances. Stores are located in 17 western and midwestern states, including Alaska and Hawaii.

Transfer Agent(s):

Security Pacific National Bank
Los Angeles, California

Stock Exchange(s): New York

Ticker Symbol: PNP

Number of Stores: (at fiscal year end)

1986	106	1983	98
1985	101	1982	88
1984	100		

Sales and Earnings

	Revenues	Net Income
1986	$ 333,782,000	$ 8,168,000
1985	305,185,000	10,105,000
1984	250,040,235	10,024,899
1983	187,337,902	6,368,044
1982	180,973,899	7,198,966

	No. of Com. Shares +	Earn. per Share ‡
1986	10,002,832	$ 0.82
1985	10,002,832	1.01
1984	10,002,832	1.11
1983	7,652,830	0.87
1982	7,303,464	0.99

+ Adjusted to reflect stock dividend and stock split.
‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend and stock split.

Revenues By Line of Business

	1986	1985	1984	1983
Electrical	21%	25%	28%	31%
Plumbing	22	22	23	25
Building materials	52	50	49	41
Garden supplies	5	3	—	
Automotive & sporting goods	—	—	—	3
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.63	—	—
1985	0.60	—	—
1984	0.56	—	3-for-2
1983	0.507	—	—
1982	0.461	10%	—

‡ Adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 99,643,000	$ 9.96
1985	97,776,000	9.77
1984	93,673,204	9.36
1983	47,430,094	6.20
1982	40,162,336	5.50

+ Adjusted to reflect stock dividend and stock split.

Income Account

Year ended Feb. 28	1986	1985
Revenues	$ 333,782,000	$ 305,185,000
Cost of sales	219,684,000	200,681,000
Expenses	77,763,000	69,167,000
Rent	7,524,000	6,297,000
Depreciation	8,260,000	6,873,000
Interest expense	5,432,000	3,161,000
Other interest	656,000	586,000
Income before taxes	$ 14,463,000	$ 18,420,000
Income taxes	6,295,000	8,315,000
Net Income	$ 8,168,000	$ 10,105,000

Assets

As of Feb. 28	1986	1985
Cash	$ 3,723,000	$ 2,775,000
Accts. & notes receiv., net	2,954,000	1,762,000
Inc. taxes receiv.	1,169,000	—
*Inventories	107,127,000	96,253,000
Prepaid expenses	1,535,000	2,407,000
Current Assets	$ 116,508,000	$ 103,197,000
#Fixed assets	104,775,000	87,281,000
Other assets	1,731,000	291,000
Total Assets	$ 223,014,000	$ 190,769,000

Liabilities

Payable to bank	$ 6,325,000	$ 5,637,000
Notes payable	20,475,000	11,602,000
Long-term debt, curr.	1,801,000	1,687,000
Accts. payable	16,124,000	22,793,000
Accruals	1,657,000	932,000
Accrued payroll & prof. sh.	3,885,000	3,837,000
Income taxes	312,000	428,000
Other taxes	2,103,000	1,958,000
Curr. Liabilities	$ 52,682,000	$ 48,874,000
Long-term debt	64,270,000	41,641,000
Deferred income taxes	5,338,000	2,281,000
Deferred income	1,081,000	197,000
+ Common stock	67,722,000	67,722,000
Retained earnings	31,921,000	30,054,000
Total Liabilities & Shareholders' Equity	$ 223,014,000	$ 190,769,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation & amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	4.33	6.04
%Net Income to Revenues	2.45	3.31
%Net Income to Equity	8.20	10.33
Debt to Equity	0.93	0.62
Working Capital	$63,826,000	$54,323,000
Current Ratio	2.21	2.11
Shareholders' Equity	$99,643,000	$97,776,000

Pay'n Save Corporation

1511 Sixth Avenue
Seattle, Washington 98101
(206) 621-6600

Officers: M. Lamont Bean, chairman of the board & chief executive officer; E. Ronald Erickson, president & chief operating officer; Calvin Hendricks, vice chairman of the board & chief financial officer; Bill Boston, v.p. & Ernst general manager; Walter R. Guidinger, v.p.-property development; Jack Phelan, v.p. & pres.-Bi-Mart Company; Joseph Christy, v.p. & pres.-Northwestern Drug Co.; Gordon Lee Smith, v.p.-human resources; Raymond C. Swanson, secretary; Barry Weston, v.p. & treasurer; Dick Curtis, v.p. & pres.-Lamonts Apparel, Inc.; Stan Johnson, v.p. & regional mgr.; Tom Lawrenson, v.p. & gen. mgr.-Von Tobel; Verne Netzer, v.p.-real estate; Debbie O'Brien, asst. treasurer; Kristopher Galvin, controller; Michael T. Crewdson, asst. controller; David LaBau, asst. secretary; Tom Grimm, president Price Savers Wholesale Club; Howard E. Jones, president-Schuck's Auto Supply, Inc.

Directors: M. Lamont Bean*, chairman; Fenwick J. Crane, Earl W. Smith, E.R. Erickson*, Calvin Hendricks*, Raymond C. Swanson.

* Member of the Executive Committee.

Business Activities: Operates 143 drug marts under the Pay'n Save and Bi-Mart names; 90 home center stores under the Ernst, Yard Birds, Von Tobel's, and Sportswest names, and 24 Lamonts apparel stores offering moderately priced clothing for the entire family. In addition to offering sports equipment, the Sportswest stores also carry athletic wear. The company operates in 10 Western states, including Alaska and Hawaii.

Subsidiaries:

Northwestern Drug Co.
Schucks Auto Supply, Inc.
Sportswest
Yard Birds Stores
Lamonts Apparel Stores
Ernst Home Centers
Bi-Mart Company

All at:
1511 Sixth Avenue
Seattle, Washington 98101
(206) 621-6617

Von Tobel's Home Center
Las Vegas, Nevada

Price Savers Wholesale Club
Salt Lake City, Utah

Transfer Agent(s):

Peoples National Bank of Washington
Seattle, Washington 98101

Bradford Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PAYN (NASDAQ)

Number of Stores: (at fiscal year end)

1984	315	1981	284
1983	307	1980	245
1982	293		

Sales and Earnings ×

	Net Sales	Net Income
1984	$1,220,521,000	$ 30,104,000
1983	1,091,287,000	19,593,000
1982	992,326,000	15,250,000
1981	860,888,000	21,215,000
1980	742,003,000	21,796,000

	No. of Com. Shares +	Earn. per Share #
1984	15,231,000	$ 2.02
1983	13,800,000	1.41
1982	13,799,000	1.10
1981	13,796,000	1.54
1980	13,760,000	1.58

× Restated to include operations of Schuck's Auto Supply, Inc. acquired on a pooling of interests basis.
+ Adjusted to reflect stock split.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1984	1983
Drug	$ 718,089,000	$ 646,475,000
Home center	321,326,000	288,408,000
Apparel	121,984,000	108,335,000
Auto specialty	59,122,000	48,069,000
Total	$1,220,521,000	$1,091,287,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1984	$0.545	—	2-for-1
1983	0.50	—	—
1982	0.50	—	—
1981	0.43	—	—
1980	0.36	—	—

+ Adjusted to reflect stock split.

Common Stock Equity ×

	Total Equity	Equity Per Share ‡
1984	$ 218,905,000	$ 14.37
1983	165,640,000	12.00
1982	151,864,000	11.01
1981	146,288,000	10.60
1980	132,699,000	9.64

× Restated.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	1/28/84	1/29/83 ‡
Net sales	$ 1,220,521	$ 1,091,287
Other income	4,853	4,198
Total Income	$ 1,225,374	$ 1,095,485
Cost of sales	856,049	767,725
Expenses	295,023	269,247
Interest expense	17,947	22,633
Income bef. taxes	$ 56,355	$ 35,880
Income taxes	26,251	16,287
Net Income	$ 30,104	$ 19,593

* Included in Costs and Expenses, Depreciation: $15,255,000 in 1984 and $15,559,000 in 1983.
‡ Restated.

Assets
(000's)

As of		1/28/84		1/29/83 ‡
Cash	$	17,462	$	14,253
Accts. receiv., net		10,033		11,229
*Inventories		232,443		219,231
Prepaid expenses		1,690		930
Curr. assets	$	261,628	$	245,643
#Fixed assets		212,059		207,866
Other assets & intangibles		17,062		14,609
Total Assets	$	490,749	$	468,118

Liabilities
(000's)

Long-term debt, curr.	$	4,164	$	4,376
Accts. payable		89,284		71,185
Accruals		30,488		25,918
Income taxes		7,017		5,602
Curr. Liabilities	$	130,953	$	107,081
Long-term debt		30,839		86,628
Oblig. under cap. leases		106,323		[illegible]6,384
Other liab.		3,729		2,385
+Common stock		66,848		36,382
Retained earnings		152,057		129,258
Total Liabilities & Shareholders' Equity	$	490,749	$	468,118

‡ Restated.
* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.62	3.29
%Net Income to Sales	2.47	1.80
%Net Income to Equity	13.75	11.83
Sales to Inventories	5.25	4.98
Working Capital	$130,675,000	$138,562,000
Current Ratio	2.00	2.29
Shareholders' Equity	$218,905,000	$165,640,000

Payless Cashways, Inc.

2301 Main
P.O. Box 466
Kansas City, Missouri 64141-0466
(816) 471-5500

Officers: David Stanley, chairman, president & chief executive officer; John P. Herron, exec. v.p.; Richard E. Hemer, senior v.p.; Stephen A. Lightstone, v.p.-finance & chief financial officer; Larry Koeppen, v.p.-operations/systems; John H. Breedlove, v.p.-merchandising; Dale C. Pond, v.p.-marketing; Roger Weverka, v.p.-southern region; Michael H. Didier, v.p.-facility development; Susan Stanton, v.p.-administration/corporate planning; David O'Halloran, v.p. and controller; John Woodfill, v.p. & treasurer; Jean Warren, asst. treasurer; Linda J. French, general counsel and secretary; Bruce E. Hokanson, John Fischer, Stanley K. Boyd, Roger L. Weverka, Kristan R. Maynard, regional v.p.'s.

Directors: J. Stanley Covey, V.W. Furrow, Leon E. Hickman, David Stanley, F. John Roost, Edward C. Thompson, John D. Dienes, Ralph Strangis, Richard E. Hemer, Harold Cohen, Gary D. Rose.

Business Activities: Full-line building materials specialty retailer concentrating its sales efforts on the do-it-yourself market. At 1985 year-end, the Company operated Payless Cashways, Furrow, Lumberjack, Hush M. Woods, and Somerville Lumber building material stores in 18 Midwestern, Southwestern, and Pacific Coast states. Also operates 10 Handy Dan Home Centers in the Kansas City area.

Transfer Agent(s):

Norwest Bank Des Moines, N.A.
Des Moines, Iowa

Bradford Trust Company
New York, New York

Norwest Bank Minneapolis, N. A.
Minneapolis, Minnesota

Stock Exchange(s): New York

Ticker Symbol: PCI

Number of Stores: (at fiscal year end)

1985	179	1982	100
1984	157	1981	86
1983	115		

Sales and Earnings

	Net Sales #	Net Income
1985	$1,389,735,000	$ 38,086,000
1984	1,175,583,000	37,116,000
1983	1,006,795,000	40,635,000
1982	721,832,000	29,207,000
1981	575,874,000	20,684,000

	No. of Com. Shares ‡	Earn. per Share ‡
1985	34,101,000	$ 1.12
1984	32,333,000	1.15
1983	32,252,000	1.26
1982	29,651,000	0.98
1981	28[illegible]0	0.71

# Includes other income.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1985	$0.16	—	—
1984	0.16	—	—
1983	0.12	—	2-for-1
1982	0.10	—	—
1981	0.75	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 332,941,000	$ 9.76
1984	257,235,000	7.96
1983	231,127,000 +	7.17
1982	166,823,000	5.63
1981	115,769,000	4.00

+ After allowing for preferred stock at par value.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account
(000's)

Year ended		11/30/85		11/24/84
Net sales	$	1,388,416	$	1,174,418
Other income		1,319		1,065
Total income	$	1,389,735	$	1,175,483
Cost of sales		954,248		812,656
Expenses		324,588		266,485
Depreciation & amortization		25,217		16,981
Interest expense		17,655		12,065
Inc. bef. taxes	$	68,027	$	67,296
Income taxes		29,941		30,180
Net Income	$	38,086	$	37,116

Assets

As of		11/30/85		11/24/84
Cash & cash equip.	$	15,056	$	385
Accts. receiv., net		6,550		5,757
*Inventories		233,577		247,944
Prepaid & other assets		5,041		6,575
Current Assets	$	260,224	$	260,661
#Fixed assets		311,822		264,979
Other assets		33,767		28,148
Total Assets	$	605,813	$	553,788

Liabilities
(000's)

Bank advance	$	3,500	$	—
Long-term debt, curr.		4,009		3,871
Accts. payable		70,322		71,827
Accruals		25,383		22,821
Accrued payroll		14,201		11,665
Income taxes		5,462		2,112
Other taxes		10,076		8,135
Payroll taxes		1,578		1,029
Curr. Liabilities	$	134,531	$	121,460
Long-term debt		119,657		161,374
Deferred inc. taxes		17,936		13,163
Deferred credits		748		556
+Common stock		17,322		16,167
Add. paid-in capital		103,902		61,973
Retained earnings		211,717		179,095
Total Liabilities & Shareholders' Equity	$	605,813	$	553,788

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.90	5.73
%Net Income to Sales	2.74	3.16
%Net Income to Equity	11.44	14.43
Sales to Inventories	5.94	4.74
Debt to Equity	0.37	0.64
Working Capital	$125,693,000	$139,201,000
Current Ratio	1.93	2.15
Shareholders' Equity	$332,941,000	$257,235,000

Paysaver Catalog/Showrooms, Inc.

98 Lower Westfield Road
Holyoke, Massachusetts 01040
(413) 536-4500

Officers: Mortimer A. Polep, chairman of the board & treasurer; Charles L. Polep, president; James A. Polep, sr. v.p.; Nathan Fox, exec. v.p.; William A. Randall, Odo Palazzi, Gerald Shible, Stephen Peskin, v.p.'s; David A. Shrair, secretary.

Directors: Mortimer A. Polep, Charles L. Polep, Nathan Fox, James Polep.

Areas of Work: Operates five catalog/showrooms in Western Massachusetts selling jewelry, gifts, photo equipment, stereo components, small appliances, luggage, gifts, toys and home computers. The Company has a limited mail order service and handles limited industrial and bank promotions as well as some wholesale sales.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): Boston

Ticker Symbol: PCS

Number of Stores: (at fiscal year end)

1986	5	1983	4
1985	5	1982	4
1984	5		

Sales and Earnings

	Net Sales +	Net Income †
1986	$ 17,805,300	$ (297,472)
1985	15,667,611	(34,947)
1984	13,951,185	116,628
1983	13,076,417	37,078
1982	12,980,914	237,610

Paysaver Catalog/Showrooms, Inc.

	No. of Com. Shares	Earn. per Share# †
1986	1,419,450	$ —
1985	1,423,650	—
1984	1,425,150	0.08
1983	1,425,150	0.03
1982	1,425,150	0.17

(Loss)
+ Of continuing operations only.
† Including extraordinary gains of $52,074 ($0.04 per share) in 1986 and $56,006 ($0.04 per share) in 1985.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	$ 2,586,370	$ 1.82
1985	2,888,042	2.03
1984	2,924,208	2.05
1983	2,807,580	1.97
1982	2,770,502	1.99

# Based on the weighted average number of shares outstanding.

Income Account *

Year ended	2/22/86	2/28/85
Net sales	$ 17,805,300	$ 15,667,611
Cost of sales	13,213,715	11,267,359
Expenses	4,599,031	4,188,085
Interest expense	295,862	268,213
Abandonment of leasehold improvements	26,580	—
Interest income	(146)	(106)
Expenses of discont. oper.	—	19,830
Loss before taxes	$ (329,742)	$ (75,770)
Income taxes	19,804	15,183
Net Loss	$ (349,546)	$ (90,953)
Extraord. gain	52,074	56,006
Net Loss & extraord. gain	$ (297,472)	$ (34,947)

* Included in Costs and Expenses, Depreciation and Amortization: $156,454 in 1986 and $148,801 in 1985.

Assets

As of	2/22/86	2/28/85
Cash	$ 52,874	$ 53,178
Accts. receiv., net	390,551	360,141
*Inventories	7,015,659	6,881,300
Income taxes-refundable	52,074	77,664
Prepaid expenses	122,981	68,571
Current Assets	$ 7,634,139	$ 7,440,854
Deferred interest	720,315	786,168
Deferred legal fees	6,553	—
#Fixed assets	—	9,180
Total Assets	$ 8,361,007	$ 8,236,202

Liabilities

Notes payable	$ 2,775,317	$ 579,537
Due to affiliates	–	1,154,665
Accts. payable & accruals	2,167,486	1,643,839
Other taxes	10,002	10,070
Curr. Liabilities	$ 4,952,805	$ 3,388,111
Long-term debt	763,381	1,921,402
Deferred income taxes	58,451	38,647
+ Common stock	52,000	52,000
Add. paid-in capital	889,738	889,738
Retained earnings	1,705,406	2,002,878
Treasury stock	(60,774)	(56,574)
Total Liabilities & Shareholders' Equity	$ 8,361,007	$ 8,236,202

* At cost (FIFO) determined by the retail inventory method.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	2.54	2.28
Debt to Equity	1.37	0.87
Working Capital	$2,681,334	$4,052,743
Current Ratio	1.54	2.20
Shareholders' Equity	$2,586,370	$2,888,042

Penn Traffic Company

319 Washington Street
Johnstown, Pennsylvania 15901
(814) 536-4411

Officers: Guido Malacarne, president & chief executive officer; Robert A. Allen, Raymond J. Heath, Richard P. Reading, vice presidents; John M. Kriak, v.p., secretary & treasurer; John F. Stewart, asst. treasurer, asst. secretary & corp. controller; Frederick R. Beck, James J. Wagner, asst. secretaries.

Directors: William O. Ames, David J. King, Guido Malacarne*, Lawrence H. Parrott*, Howard M. Picking, III, J. David Quinn, Richard P. Reading*, H.J. Zoffer, William H. Shenkle, Rollin J. Reading, Jr., Robert L. Eklund.

* Member of the Executive Committee.

Areas of Work: Operates two supermarket companies. The Riverside Division operates under the Riverside, BI-LO Foods and ValuRite Food Warehouse names, and Quality Markets, Inc., a wholly-owned subsidiary, operates supermarkets under the name Quality Markets. Supermarkets are located in western Pennsylvania, southwestern New York and eastern Ohio. Also is a wholesaler to 48 independently owned and operated markets, 47 of which operate under the Riverside name, and operates a dairy business.

Divisions:

Johnstown Sanitary Division
Johnstown, Pennsylvania

Riverside Supermarket Division
DuBois, Pennsylvania

Subsidiaries:

Quality Markets, Inc.
101 Jackson Avenue W.E.
Jamestown, New York 14701
(716) 664-6010

Transfer Agent(s):

Pittsburgh National Bank
Pittsburgh, Pennsylvania

Stock Exchange(s): American

Ticker Symbol: PNF

Number of Stores: (at fiscal year end)

1986	50	1983	69
1985	56	1982	71
1984	75		

Sales and Earnings

	Net Sales ‡	Net Income
1956	$ 510,479,000	$ 6,567,000
1985	541,765,000	3,852,000
1984	518,898,000	6,402,000
1983	462,425,000	5,360,000
1982	415,818,000	4,454,000

	No. of Com. Shares #	Earn. per Share
1986	2,070,426	$ 3.17
1985	2,107,114	1.83
1984	2,101,721	3.05
1983	2,121,346	2.53
1982	2,135,921	2.09

‡ Including leased departments and service fees.
# Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Supermarkets	$ 486,303,00	$ 514,225,000
Dairy	46,915,000	45,503,000
Unallocated items	(22,739,000)	(17,963,000)
Total	$ 510,479,000	$ 541,765,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.20	—	—
1985	1.20	—	—
1984	1.20	—	—
1983	1.20	—	—
1982	1.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 57,903,000	$ 27.99
1985	54,400,000	26.08
1984	53,571,000	25.49
1983	49,674,000	23.63
1982	47,309,000	22.15

Income Account *
(000's)

Year ended	2/1/86	2/2/85
Net sales	$ 510,479	$ 541,765
Other income	5,888	3,841
Total Income	$ 516,367	$ 545,606
Cost of sales	418,736	442,775
Expenses	81,543	90,333
Interest expense	3,432	3,657
Prov. for store closings	943	2,400
Income before taxes	$ 11,713	$ 6,441
Income taxes	5,146	2,589
Net Income	$ 6,567	$ 3,852

* Included in Costs and Expenses, Depreciation and Amortization: $9,870,000 in 1985 and $9,267,000 in 1984.

Assets
(000's)

As of	2/1/86	2/2/85
Cash	$ 5,227	$ 8,939
Accts. receiv., net	8,460	7,780
*Inventories	26,533	25,137
Prepaid expenses	703	1,197
Current Assets	$ 40,923	$ 43,053
Marketable secur. & bonds	159	172
†Oblig. under cap. lease	15,802	15,785
#Fixed assets	65,085	62,820
Defer. charges	2,128	2,560
Total Assets	$ 124,097	$ 124,390

Liabilities
(000's)

Notes payable	$ 308	$ 333
Mortgage notes payable, curr.	2,814	2,702
Current portion of oblig. under cap. leases	1,276	1,158
Accts. payable	15,123	16,098
Accruals	1,715	1,560
Accrued payroll	4,390	7,431
Taxes	1,756	1,974
Curr. Liabilities	$ 27,382	$ 31,256
Oblig. under cap. leases	18,244	17,955
Mortgage notes payable, non-curr.	14,000	16,468
Deferred inc. taxes	5,649	3,563
Other liab.	979	748
+ Common Stock	2,864	2,864
Add. paid-in capital	4,740	5,007

Retained earnings		53,532		49,451
Treasury stock		(3,233)		(2,922)
Total Liabilities & Shareholders' Equity	$	124,097	$	124,390

* At lower of cost (FIFO) or market. Supermarket inventories stated at LIFO.
# Less accumulated depreciation.
† Less accumulated amortization.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.29	1.19
%Net Income to Sales	1.29	0.71
%Net Income to Equity	11.34	7.08
Sales to Inventories	19.24	21.55
Debt to Equity	0.63	0.71
Working Capital	$13,541,000	$11,797,000
Current Ratio	1.49	1.38
Shareholders' Equity	$57,903,000	$54,400,000

J.C. Penney Company, Inc.

1301 Avenue of the Americas
New York, New York 10019
(212) 957-4321

Officers: William R. Howell, chairman of the board; Robert B. Gill, vice chairman; David F. Miller, president-J.C. Penney stores & catalog; Ralph B. Henderson, Thomas J. Lyons, exec. v.p.'s; sr. v.p.'s: Rodney M. Birkins-director of catalog; Robert Capone-director of technical operations; Albert W. Driver, Jr.-secretary & general counsel; Richard T. Erickson-director of corporate personnel; A. Scott Frahlich-director of J.C. Penney stores; John A. McConville-director of merchandise; Robert E. Northam-chief financial officer; Terry S. Prindiville-director of corporate marketing; Stanley J. Putman-director of real estate, construction & corporate services; v.p.'s: Robert O. Amick-controller; A. Howard Amon, Jr.-director of real estate; Charles L. Brown-director of auditing; James P. Bryant-director of corporate taxes; William D. Friel, director of systems & data processing; Thomas B. Fox-director of European operations; Donald A. McKay, treasurer; Joseph J. DeMelio-director of insurance; William R. Johnson-director of public affairs & company communications; Ted L. Spurlock-director of credit & consumer banking services; George M. Stone-director of government relations; Robert J. Keller, director of construction services; Michael T. Todres, director of distribution.

Directors: William M. Ellinghaus, William R. Howell, Boris Yavitz, Walter B. Wriston, Clifton C. Garvin, Jr., Donald V. Seibert, Vernon E. Jordan, Jr., Juanita M. Kreps, Edward J. Mortola, Jane C. Pfeiffer, Colby H. Chandler, Robert B. Gill, David B. Meeker, David F. Miller, Joseph D. Williams.

Business Activities: Operates a nationwide chain of department stores including catalog operations under the name J.C. Penney. Full line Penney stores sell lines of apparel, home and automotive merchandise; soft line Penney stores sell principally apparel and household textile merchandise. Also operates a chain of Thrift Drug and The Treasury Drug Center stores and conducts consumer financial services. Has expanded its retail operations to Europe, with stores in Belgium, which operate under the name Sarma.

Subsidiaries:

J.C. Penney Properties, Inc.
J.C. Penney Financial Corporation
J.C. Penney Casualty Insurance Company
J.C. Penney Life Insurance Company
J.C. Penney Europe, Inc.
Sarma, S.Q. (Belgium)
Great American Reserve Insurance Company
 (96.8% owned)
J.C. Penney Investors Services, Inc.
JCP Realty, Inc.
J.C. Penney International Finance Corporation
Sarma-Penney Ltd.
J.C. Penney International, Inc.
J.C. Penney Overseas Finance N.V.
J.C. Penney National Bank

Transfer Agent(s):

J.C. Penney Company, Inc.
Securityholder Services
Pittsburgh Accounting Center
P.O. Box 407
Pittsburgh, Pennsylvania 15230

Registrar and Transfer Co.
61 Broadway, Room 1412
New York, New York 10006

Stock Exchange(s): New York, Brussels, Antwerp

Ticker Symbol: JCP

Number of Stores: (at fiscal year end)

	Penney Stores	Catalog Centers	Drug Stores	Belgian Stores
1985 . . .	1,482	1,739	374	53
1984 . . .	1,570	1,810	369	55
1983 . . .	1,597	1,805	359	58
1982 . . .	1,631	1,818	353	62
1981 . . .	1,662	1,847	343	72

Sales and Earnings

		Net Sales + (000's)		Net Income (000's)
1985	$	13,747,000	$	397,000
1984		13,451,000		435,000
1983		12,078,000		467,000
1982		11,414,000		392,000
1981		11,369,000		387,000

	No. of Com. Shares	Earn. per Share ‡
1985	75,000,000	$ 5.31
1984	74,000,000	5.81
1983	74,000,000	6.25
1982	73,000,000	5.35
1981	72,000,000	5.50

‡ Based on the average number of shares outstanding.
+ Of continuing operations only.

Revenues By Line of Business
(000's)

		1985		1984
J.C. Penney Stores	$	12,165,000	$	11,913,000
Catalog		2,000,000		1,928,000
Other retail oper.		1,113,000		1,079,000
Intercompany elim.		(1,531,000)		(1,469,000)
Total	$	13,747,000	$	13,451,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$2.36	—	—
1984	2.36	—	—
1983	2.16	—	—
1982	2.00	—	—
1981	1.84	—	—

Common Stock Equity

		Total Equity (000's)	Equity Per Share
1985	$	4,051,000	$ 54.01
1984		3,812,000	51.26
1983		3,559,000	47.93
1982		3,228,000	43.94
1981		2,933,000	40.81

Income Account *
(000's)

Year ended		1/28/86		1/26/85
Net sales	$	13,747,000	$	13,451,000
Cost of sales		9,240,000		9,030,000
Expenses		3,454,000		3,374,000
Interest expense		370,000		350,000
Income before taxes	$	683,000	$	697,000
Income taxes		297,000		290,000
Inc. of unconsol. subsid.		(11,000)		(28,000)
Net Income	$	397,000	$	435,000

* Included in Costs and Expenses, Depreciation and Amortization: $212,000 in 1986 and $198,000,000 in 1985.

Assets
(000's)

As of		1/28/86		1/26/85
Cash	$	158,000	$	187,000
Accts. receiv., net		4,504,000		4,019,000
*Inventories		2,298,000		2,383,000
Prepaid expenses		117,000		134,000
Current Assets	$	7,077,000	$	6,723,000
Investments		372,000		299,000
#Fixed assets		2,812,000		2,608,000
Other assets		261,000		163,000
Total Assets	$	10,522,000	$	9,793,000

Liabilities
(000's)

Accts. payable & accruals	$	1,282,000	$	1,145,000
Short-term debt		740,000		802,000
Long-term debt, curr.		—		125,000
Deferred taxes		701,000		628,000
Curr. Liabilities	$	2,723,000	$	2,700,000
Long-term debt		3,099,000		2,847,000
Deferred credits		649,000		434,000
+ Common stock		929,000		922,000
Reinvested earnings		3,122,000		2,890,000
Total Liabilities & Shareholders' Equity	$	10,522,000	$	9,793,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.97	5.18
%Net Income to Sales	2.89	3.23
%Net Income to Equity	9.80	11.41
Sales to Inventories	5.98	5.64
Debt to Equity	0.95	0.99
Working Capital	$4,354,000,000	$2,693,277,000
Current Ratio	2.60	2.49
Shareholders' Equity	$4,051,000,000	$3,812,000,000

Pennington's Stores Limited

40 Samor Road
Toronto, Ontario M6A 1J6
Canada
(416) 789-7781

Officers: William Drevnig, president; Albert Sherman, v.p. & secretary; Sol Armel, exec. v.p.; Jack Sherman, v.p.; Emanuel Asher, sr. v.p.; William Farewell, v.p.-finance & treasurer; Gerald McCulloch, v.p.-merchandising, Canada.

Directors: Sol Armel, Donald Carr, William Drevnig, Albert Sherman, Jack Sherman, Mark Vansittart.

Business Activities: Operates a chain of stores selling women's apparel in Canada and the U.S.

Transfer Agent(s):

The Canada Trust Company
110 Yonge Street
Toronto, Canada M5C IT4

Stock Exchange(s): Toronto

Ticker Symbol: PNS

Pennington's Stores Limited

Number of Stores: (at fiscal year end)

1985	155	1982	126
1984	144	1981	119
1983	128		

Sales and Earnings

	Net Sales	Net Income
1986	$ 86,171,452	$ 6,885,434
1985	72,289,548	4,720,595
1984	60,291,594	3,913,312
1983	52,151,431	2,897,789
1982	48,438,444	2,960,531

	No. of Com. Shares	Earn. per Share +
1986	4,131,000	$ 1.67
1985	4,102,000	1.13
1984	4,075,000	0.91
1983	4,073,000	0.66
1982	4,073,000	0.68

+ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.20	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.30	—	—
1982	0.40	—	—

Common Stock Equity

	Total Equity	Equity Per share
1986	$ 29,096,597	$ 7.04
1985	22,887,988	5.58
1984	21,275,782	5.22
1983	18,394,744	4.52
1982	17,017,777	4.18

Income Account

Year ended	2/1/86	1/26/85
Net sales	$ 86,171,452	$ 72,289,548
Cost of sales & expense	71,610,753	63,270,845
Depreciation	1,765,101	1,391,893
Invest. income	(402,748)	(584,948)
Gain on sale	—	(433,500)
Income before taxes	$ 13,198,346	$ 8,645,258
Income taxes	6,312,912	3,924,663
Net Income	$ 6,885,434	$ 4,720,595

Assets

As of	2/1/86	1/26/85
Cash	$ 11,695,689	$ 2,034,737
*Inventories	14,823,826	13,280,488
Prepaid expenses & sundry assets	848,540	909,224
Income taxes	—	2,722,681
Current Assets	$ 27,368,055	$ 18,947,130
#Fixed assets	10,743,741	9,969,549
Intangibles	947,089	947,089
Total Assets	$ 39,058,885	$ 29,863,768

Liabilities

Accts. payable & accruals	$ 7,641,674	$ 6,869,711
Income taxes	2,219,827	—
Curr. Liabilities	$ 9,861,501	$ 6,869,711
Deferred inc. taxes	100,787	106,069
+Common stock	334,675	187,050
Retained earnings	28,761,922	22,700,938
Total Liabilities & Shareholders' Equity	$ 39,058,885	$ 29,863,768

* At lower of average cost or market (net realizable value, less normal profit margin.)

# Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	15.32	11.96
%Net Income to Sales	7.99	6.53
%Net Income to Equity	23.66	20.62
Sales to Inventories	5.81	5.44
Working Capital	$17,506,554	$12,077,419
Current Ratio	2.78	2.76
Shareholders' Equity	$29,096,597	$22,887,988

Peoples Jewellers Limited

1440 Don Mills Road
Don Mills, Ontario, Canada M3B 3M1
(416) 441-1515

Officers: Bertrand Gerstein, chairman of the board; Marvin Gerstein, vice chairman; Irving R. Gerstein, president; Richard A. Field, v.p.-real estate; Phyllis M. McAllister, secretary; Roger P. Picotte, v.p.-operations, Mappins division; Kenneth N. Nevison, v.p.-operations, Peoples division; Charles F. Gill, v.p.-finance & administration; Nicholas I. White, v.p.-merchandising.

Directors: Bertrand Gerstein, Irving R. Gerstein, Marvin Gerstein, Robert A. Kingston, Sydney M. Hermant, Phyllis McAllister, Henry N. R. Jackman, James Gillies.

Business Activities: Operates a chain of jewelry stores in Canada. Stores operate under the names: Peoples Jewellers, Mappins, Gordon Jewellers and MacKenzie's in Canada.

Transfer Agent(s):

Guaranty Trust Company of Canada
88 University Avenue
Toronto, Ontario, Canada

Stock Exchange(s): Toronto

Ticker Symbol:
PCJT (Toronto)
PCJQ (Toronto, Class A)

Number of Stores: (at fiscal year end)

1985	302	1982	282
1984	309	1981	282
1983	299		

Sales and Earnings †

	Net Sales	Net Income
1985	$ 177,736,000	$ 7,738,000
1984	175,130,000	9,412,000
1983	145,014,000	(144,000)
1982	127,220,000	(6,196,000)
1981	122,934,000	4,269,000

	No. of Com. Shares	Earn. per Share ‡
1985	8,151,701	$ 1.08
1984	6,730,501	1.35
1983	6,730,101	—
1982	4,130,101	—
1981	4,244,210	1.16

(Loss)
† In Canadian dollars.
‡ Based on the weighted average number of Class A and common shares outstanding combined.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1985	$0.30	—	—
1984	0.15	—	—
1983	0.15	—	—
1982	0.60	—	—
1981	0.60	—	—

† In Canadian dollars.

Common Stock Equity †

	Total Equity‡	Equity Per Share +
1985	$ 110,159,000	$ 13.51
1984	90,133,000	13.39
1983	76,574,000	11.38
1982	51,304,000	12.42
1981	61,663,000	14.53

† In Canadian dollars.
‡ After allowing for preferred stock at stated value.
+ Based on the weighted average number of Class A and common shares outstanding combined.

Income Account †
(000's)

Year ended Aug. 31	1985	1984
Net sales	$ 177,736	$ 175,130
Cost of sales & exp.	156,997	159,503
Depreciation & amortization	4,756	4,068
Interest expense	5,852	4,388
Unusual items	—	(2,832)
Income before taxes	$ 10,131	$ 10,003
Income taxes	3,300	2,300
Eq. in earn. of Zale Corp.	(907)	(1,709)
Net Income	$ 7,738	$ 9,412

† In Canadian dollars.

Assets †
(000's)

As of Aug. 31	1985	1984
Cash	$ 79	$ 84
Accts. receiv., net	1,923	2,663
*Inventories	114,635	94,213
Prepaid expenses	1,543	706
Long-term receiv., curr.	3,870	2,595
Current Assets	$ 122,050	$ 100,261
Investments	88,496	82,577
Loan to employees	10,437	13,958
#Fixed assets	31,547	29,365
Other assets	2,946	1,060
Total Assets	$ 255,476	$ 227,221

Liabilities
(000's)

Bank indebtedness	$ 45,170	$ 41,038
Accts. payable	24,996	14,829
Income & other taxes	2,837	2,736
Long-term debt, curr.	5,765	78
Curr. Liabilities	$ 78,768	$ 58,681
Long-term debt	64,509	76,120
+Preferred stock, Series B	2,040	2,287
+Class A common stock	63,017	50,585
+Common stock	82	82
Retained earnings	38,721	34,275
Currency trans. adj.	8,339	5,191
Total Liabilities & Shareholders' Equity	$ 255,476	$ 227,221

† In Canadian dollars.
* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	5.70	5.71
%Net Income to Sales	4.35	5.37
%Net Income to Equity	6.90	10.18
Sales to Inventories	1.55	1.86
Debt to Equity	1.03	1.27
Working Capital	$ 43,282,000	$42,640,000

Current Ratio	1.55	1.73
Shareholders' Equity	$112,199,000	$92,420,000

The Pep Boys—Manny, Moe & Jack

3111 Allegheny Avenue
Philadelphia, Pennsylvania 19132
(215) 229-9000

Officers: Benjamin Strauss, chairman & chief executive officer; Mitchell G. Leibovitz, president; Scott I. Rosen, exec. v.p.; Philip Adcock, v.p.-western store operations; James Bryce, v.p.-eastern store operations; Richard Creviston, v.p.; Michael J. Holden, v.p.-finance, treasurer & secretary; Harry M. Roy, v.p.-southwestern store operations; Samuel W. McGarvey, v.p.-merchandising; Donald Grant, asst. v.p.-merchandising; Laverne G. Hennessey, asst. v.p.-western warehousing and distribution; Donald K. Denbo, asst. v.p.; Bernard K. McElroy, asst. treasurer; Stuart M. Rosenfeld, asst. v.p.-eastern warehousing and distribution; Marc G. Kamens, asst. v.p.-mgmt. info. systems; Thomas J. Bonburg, asst. v.p.-adm.; Frederick A. Stampone, asst. v.p.-finance.

Directors: Edward H. Rosen, Lester Rosenfeld, Robert P. Strauss, Benjamin Strauss, Walter G. Arader, Henry A. Gladstone, Bernard J. Korman, Herbert W. Leonard, Mitchell G. Leibovitz, David V. Wachs.

Business Activities: Operates auto supply and accessory stores in Pennsylvania, New Jersey, Delaware, Maryland, Virginia, California, the District of Columbia, Arizona, New Mexico, Texas and Nevada.

Transfer Agent(s):

The Philadelphia National Bank
Philadelphia, Pennsylvania

Stock Exchange(s): American

Ticker Symbol: PBY

Number of Stores: (at fiscal year end)

1986	159	1983	111
1985	135	1982	104
1984	124		

Sales and Earnings

	Net Sales	Net Income
1986	$ 388,914,000	$ 21,100,000
1985	348,350,000	18,340,000
1984	305,835,000	15,542,000
1983	265,408,000	12,112,000
1982	233,454,000	11,159,000

	No. of Com. Shares	Earn. per Share +
1986	15,704,644	$ 1.29
1985	7,833,084	1.17
1984	7,824,984	1.00
1983	7,466,484	0.81
1982	1,244,414	0.75

+ Adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.195	—	2-for-1
1985	0.17	—	—
1984	0.145	—	—
1983	0.125	—	2-for-1& 3-for-1
1982	0.095	6%	—

+ Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 130,439,000	$ 8.31
1985	111,977,000	7.15
1984	96,226,000	6.15
1983	74,608,000	5.00
1982	64,363,000	4.31

+ Adjusted to reflect stock dividend and stock splits.

Income Account

Year ended Jan. 31	1986	1985
Net sales	$ 388,914,000	$ 348,350,000
Other income	3,642,000	3,353,000
Total Income	$ 392,556,000	$ 351,703,000
Cost of sales	251,907,000	226,251,000
Expenses	89,001,000	82,554,000
Depreciation & amortization	8,141,000	6,454,000
Interest expense	4,578,000	1,597,000
Income before taxes	$ 38,929,000	$ 34,847,000
Income taxes	17,829,000	16,507,000
Net Income	$ 21,100,000	$ 18,340,000

Assets

As of Jan. 31	1986	1985
Cash	$ 3,232,000	$ 1,097,000
Marketable securities	3,516,000	—
Accts. receiv., net	1,005,000	3,517,000
*Inventories	58,698,000	52,495,000
Prepaid expenses & other	10,799,000	9,030,000
Current Assets	$ 77,250,000	$ 66,139,000
Investments & advances	2,144,000	531,000
#Fixed assets	177,606,000	125,109,000
Cash restricted for purchase of fixed assets	—	823,000
Total Assets	$ 257,000,000	$ 192,602,000

Liabilities

Long-term debt, curr.	$ 1,569,000	$ 1,373,000
Accts. payable	26,629,000	30,587,000
Accruals	14,031,000	10,827,000
Inc. taxes payable	1,072,000	627,000
Def. income taxes	4,744,000	5,483,000
Curr. Liabilities	$ 48,045,000	$ 48,897,000
Long-term debt	19,994,000	26,423,000
Defer. inc. taxes	8,522,000	5,305,000
Conv. subord. debentures	50,000,000	—
+ Common stock	15,705,000	7,833,000
Add. paid-in capital	12,478,000	19,927,000
Retained earnings	102,256,000	84,217,000
Total Liabilities & Shareholders' Equity	$ 257,000,000	$ 192,602,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	10.01	10.00
%Net Income to Sales	5.43	5.26
%Net Income to Equity	16.18	16.38
Sales to Inventories	6.63	6.64
Debt to Equity	0.17	0.25
Working Capital	$ 29,205,000	$ 17,242,000
Current Ratio	1.61	1.35
Shareholders' Equity	$130,439,000	$111,977,000

Perry Drug Stores, Inc.

5400 Perry Drive, Inc.
P.O. Box 1957
Pontiac, Michigan 48056
(313) 334-1300

Officers: Jack A. Robinson, chairman of the board & chief executive officer; Donald Fox, president & chief operating officer; Mickey Kole, sr. v.p.-store operations; Alvin Wander, exec. v.p. & chief financial officer; Frederick C. Seeley, sr. v.p.-real estate; Robert A. Shapiro, v.p.-health care services; Robert W. Ruwoldt, v.p.-advertising; Gene Swink, v.p.-distribution; Jack M. Gallagher, president-Auto Parts Division; Robert A. Berlow, v.p., secretary & gen. counsel; Group v.p.'s: Seymour S. Dekoven, Chicago drugstores, S. Michael F. Wiley, auto works; John P. Frazzini, v.p.-management information services; Kenton R. Allard, asst. v.p.-productivity; James W. Bock, v.p.-pharmacy operations; David W. Peterson, v.p.-merchandising; Berl Falbaum, v.p.-corporate communications; Warren E. Jeffery, v.p. & district manager; Samuel N. Ray, asst. v.p.-human resources; Robert K. Sarvas, v.p. & district mgr.; Robert J. Taylor, v.p. & dist. mgr.; Samuel R. Boulton, exec. v.p.-operations, Potomac; Christopher Dodge, asst. v.p.-personnel; David Durkin, v.p.-district mgr.; James H. Fowler, asst. v.p.-real estate; Loyd Reuther, v.p.-district mgr.; Andrew Giancamilli, v.p. & mgr.-A.L. Price; Dennis W. Schack, treasurer; H. Edward Heckman, exec. v.p.-operations, Chicago; Eric L. Hoagland, v.p.-regional operations; William M. Locey, asst. v.p.-distribution; Fred N. Beksa, asst. v.p.-corp. security; Laura LaBenne, asst. v.p.-finance.

Directors: Jack A. Robinson, chairman; Donald Fox, Alvin Wander, Terence E. Adderley, Thomas O. Fox, C. Boyd Stockmeyer, Samuel Frankel, John A. Bacon, Jr., Frederick C. Seeley, Dr. Claude R. Martin, Jr., Walter J. McCarthy, Jr., Jack M. Gallagher, Mickey H. Cole.

Business Activities: Operates a chain of retail drug stores, auto parts stores, and health care products and testing services; and supplies equipment and surgical products to hospitals and physicians.

Transfer Agent(s):

National Bank of Detroit
Detroit, Michigan

Stock Exchange(s): New York

Ticker Symbol: PDS

Number of Stores: (at fiscal year end)

1985	367	1982	125
1984	256	1981	117
1983	183		

Sales and Earnings

	Net Sales	Net Income
1985	$ 521,615,352	$ 9,575,229
1984	371,890,521	7,649,998
1983	285,502,457	4,545,220
1982	244,272,174	2,868,120
1981	192,066,153	3,368,773

	No. of Com. Shares ‡	Earn. per Share ‡
1985	9,809,187	$ 0.98
1984	8,470,609	0.90
1983	6,716,692	0.68
1982	5,863,245	0.49
1981	5,806,000	0.58

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1985	$0.19	—	3-for-2
1984	0.16	—	—
1983	0.13	—	3-for-2
1982	0.12	—	—
1981	0.10	—	3-for-2

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 76,782,903	$ 7.79
1984	67,202,099	7.07
1983	53,707,437	6.51
1982	25,611,065	4.33
1981	23,328,355	3.99

‡ Adjusted to reflect stock splits.

Perry Drug Stores, Inc.

Income Account *

Year ended Oct. 31	1985	1984
Drugstore	$ 383,315,177	$ 289,584,166
Automotive	127,117,880	80,700,907
Other	11,182,295	1,605,448
Total Income	$ 521,615,352	$ 371,890,521
Cost of sales	356,157,310	256,293,344
Expenses	145,185,998	101,255,916
Interest expense	6,276,815	2,078,263
Income before taxes	$ 13,995,229	$ 12,262,998
Income taxes	4,420,000	4,613,000
Net Income	$ 9,575,229	$ 7,649,998

* Included in Costs and Expenses, Depreciation and Amortization: $6,172,600 in 1985 and $3,669,313 in 1984.

Assets

As of Oct. 31	1985	1984
Cash	$ 7,412,418	$ 5,119,575
Accts. receiv., net	18,638,981	8,544,087
*Inventories	129,348,065	87,504,201
Prepaid expenses	8,955,980	4,132,899
Current Assets	$ 164,355,444	$ 105,300,762
#Fixed assets	68,598,139	42,593,641
Intangibles & other assets	29,534,285	10,362,249
Total Assets	$ 262,487,868	$ 158,256,652

Liabilities

Notes payable	$ 80,000	$ 14,400,000
Long-term debt, curr.	1,640,706	1,557,101
Accts. payable	70,295,024	50,735,982
Accruals	5,990,510	3,316,581
Income taxes	4,605,107	2,041,511
Curr. Liabilities	$ 82,611,347	$ 72,051,175
Long-term debt	91,732,725	10,128,932
Oblig. under cap. leases	4,695,924	5,066,446
Deferred inc. taxes	5,745,000	3,808,000
Minority interest	919,969	—
+ Common stock	493,110	316,978
Add. paid-in capital	41,512,064	39,849,449
Retained earnings	34,777,729	27,035,672
Total Liabilities & Shareholders' Equity	$ 262,487,868	$ 158,256,652

*At lower of cost or market. LIFO used principally to determine costs; remainder at FIFO.
# Less accumulated depreciation.
+ $0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.65	4.23
%Net Income to Sales	2.50	2.64
%Net Income to Equity	12.47	11.38
Sales to Inventories	4.03	4.25
Debt to Equity	1.22	0.39
Working Capital	$81,744,097	$33,249,587
Current Ratio	1.99	1.46
Shareholders' Equity	$76,782,903	$67,202,099

Petrie Stores Corporation

70 Enterprise Avenue
Secaucus, New Jersey 07094
(201) 866-3660

Officers: Milton J. Petrie, chairman of the board, president & chief exec. officer; Hilda Kirschbaum Gerstein, vice chairman; Dorothy Fink Stern, sr. v.p.-merchandising; Jean Roberts, sr. v.p.-store operations; Jay Galin, sr. v.p. & pres.-G & G Shops, Inc.; Peter A. Left, sr. v.p., secretary & chief financial officer; Nancy Barrett, Edward Citro, Beverly Evans, Jack Gibbons, S. Betty Kennedy, Daniel Maresca, Samuel David Polese, Dorothy Spencer, Umberto Gallo, Robert Lind, Murray Robins, Robert Sandberg, Bernard Apple, Edward Milford, Thomas Reynolds, Patricia Tyner, Bernard Rubenstein, sr. v.p.'s; Barbara Clickenger, Mary Ellen Colbert, Ellen DeLosh, Robert Donahue, Robert Olszewski, Ruth Parzen, Phyllis Sicheri, Judith Herman, Joseph Mariano, Barbara Tinkl, Michelle Alexander, Lydia Bay, Pamela Beech, Debra Citro, Maureen Crowley, Debra Graf, Robert King, Toni Schostak Kaye, Alan Laufgraben, Ronald P. Leonetti, Joseph Savini, Kathy Connolly Shea, Lester Sokolower, Ronald Swerdlow, Melissa Whitehead, Karen Williams, v.p.'s; Michael J. Jackson, v.p. & controller.

Directors: Milton J. Petrie, chairman; Hilda Kirschbaum Gerstein, Jean Roberts, Dorothy Fink Stern, H. Fred Krimendahl, II, Jay Galin, Joseph H. Flom, Lawrence A. Tisch.

Business Activities: Operates clothing stores in 48 states specializing in moderate-price apparel for teen, junior and contemporary miss customers. Stores are also located in the Virgin Islands, Puerto Rico, and the District of Columbia. Stores operate under the names Petrie's, Marianne, Stuarts, David's, G & G, Hartfield's, Winkleman's, Jean Nicole, Three Sisters, and Rave.

Transfer Agent(s):

First Jersey National Bank
Jersey City, New Jersey

Stock Exchange(s): New York

Ticker Symbol: PST

Number of Stores: (at fiscal year end)

1986	1,345	1983	871
1985	1,360	1982	795
1984	953		

Sales and Earnings

	Net Sales	Net Income ‡
1986	$1,160,845,717	$ 77,901,803
1985	951,105,659	54,643,000
1984	625,575,724	47,597,859
1983	566,682,198	45,442,062
1982	529,800,459	47,115,775

	No of Com. Shares #	Earn. per Share #‡
1986	42,977,486	$ 1.81
1985	42,180,834	1.30
1984	41,621,930	1.14
1983	40,680,834	1.12
1982	40,680,834	1.16

‡ Including extraordinary gain of $2,700,000 ($0.31 per share) in 1983.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.70	—	2-for-1
1985	0.70	—	—
1984	0.70	—	—
1983	0.70	—	—
1982	0.70	—	3-for-2

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 476,714,523	$ 11.09
1985	322,673,407	7.65
1984	297,556,987	7.15
1983	251,585,712	6.18
1982	234,620,234	5.77

† Adjusted to reflect stock splits.

Income Account *

Year ended Jan. 31	1986	1985
Net sales	$1,160,845,717	$ 951,105,659
Other income	8,652,136	4,089,071
Total Income	$1,169,497,853	$ 955,194,730
Cost of sales	822,450,504	691,161,207
Expenses	210,015,810	175,826,953
Interest expense	31,961,115	23,433,468
Equity earnings	(28,696,379)	(25,820,800)
Income before taxes	$ 133,766,803	$ 90,593,902
Income taxes	55,865,000	35,034,000
Minority interest	—	916,898
Net Income	$ 77,901,803	$ 54,643,004

* Included in Costs and Expenses, Depreciation and Amortization: $35,592,326 in 1986 and $23,780,856 in 1985.

Assets

As of Jan. 31	1986	1985
Cash	$ 1,962,493	$ 1,988,127
Marketable securities	209,310,963	6,393,138
Accts. reciev., net	20,283,128	23,076,834
*Inventories	112,582,755	127,820,310
Prepaid expenses & other assets	2,102,646	1,364,086
Current Assets	$ 346,241,985	$ 160,642,495
#Fixed assets	257,593,010	226,226,271
Net assets acquired	113,122,477	116,062,477
Other assets	330,236,890	240,909,288
Total Assets	$1,047,194,362	$ 743,880,531

Liabilities

Notes payable & cap. lease oblig., curr.	$ 153,805	$ 638,470
Accts. payable	14,627,633	25,791,681
Accruals	27,980,559	29,696,145
Income taxes	12,531,696	7,836,318
Deferred inc. taxes	4,602,000	4,826,000
Curr. Liabilities	$ 59,895,693	$ 68,788,614
Notes payable	—	116,359,392
Oblig. under cap. lease	826,146	979,949
Deferred inc. taxes	34,768,000	26,192,000
Subord. exch. deben.	474,990,000	200,000,000
Minority interest	—	8,887,169
+ Common stock	46,767,756	21,090,417
Add. paid-in capital	93,896,345	12,661,375
Retained earnings	336,293,921	288,921,615
Treasury stock	(243,499)	—
Total Liabilities & Shareholders' Equity	$1,047,194,362	$ 743,880,531

* At lower of cost or market.
# Less accumulated depreciation and amortizztion.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.52	9.53
%Net Income to Sales	6.71	5.75
%Net Income to Equity	16.34	16.93
Sales to Inventories	10.31	7.44
Debt to Equity	—	0.37
Working Capital	$286,346,292	$ 91,853,881
Current Ratio	5.78	2.34
Shareholders' Equity	$476,714,523	$322,673,407

Phillips-Van Heusen Corporation

1290 Avenue of the Americas
New York, New York 10104
(212) 541-5200

Officers: Seymour J. Phillips, chairman of the board; Lawrence S. Phillips, president; Robert F. Reilly, exec. v.p.; Albert R. Bongiovi, v.p., controller & secretary; Bert G. Cox, Walter C. Zambrovitz, Michael Frenkel, Bruce J. Klatsky, Murray Weinberg, v.p.'s; William J. Bloom, treasurer.

Directors: Seymour J. Phillips*, chairman; Shirley Goodman Brown, Bert G. Cox, David L. Holzman, Lawrence S. Phillips*, Robert F. Reilly*, William S. Scolnick, Charles J. Smith, Steven L. Osterweis, Alfred P. Slaner, Estelle Ellis, Ellis E. Meredith, Bruce J. Klatsky.

* Member of the Executive Committee.

Areas of Work: Operates retail stores selling apparel, and men's and women's apparel manufacturing companies.

Divisions and Subsidiaries:

Retail Division:

Kennedy's
7 stores in Massachusetts and Rhode Island.

Hamburger's
12 stores in Maryland, Pennsylvania and Delaware.

Juster's
6 stores in Minnesota.

Harris & Frank
19 stores in California and Nevada.

The Outlet Stores
89 Stores in the east and Midwest.

Manufacturing Divisions:

PVH Somerset Company
The Van Heusen Group of Companies
Somerset Knitting Mills, Inc.
The Joseph & Feiss Company
Private Label Sportswear Group

Transfer Agent(s):

Chase Manhattan Bank, N.A.
1 New York Plaza
New York, New York 10081

Stock Exchange(s): New York

Ticker Symbol: PVH

Number of Stores: (at fiscal year end)

1985	107	1982	65
1984	99	1981	71
1983	59		

Sales and Earnings

	Net Sales †	Net Income
1986	$ 550,428,164	$ 15,935,344
1985	590,787,183	15,297,966
1984	505,885,420	17,262,224
1983	454,975,342	8,757,340
1982	431,134,876	7,376,886

	No. of Com. Shares ‡	Earn. per Share +
1986	6,146,475	$ 2.54
1985	6,092,475	2.44
1984	6,056,870	2.94
1983	5,651,876	1.54
1982	5,581,678	1.27

† Includes operating revenues.
‡ Adjusted to reflect stock split.
+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
Manufacturing	$ 437,142	$ 457,248
Retail	113,286	133,539
Total	$ 550,428	$ 590,787

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.40	—	—
1984	0.325	—	2-for-1
1983	0.30	—	—
1982	0.30	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 150,676,000	$ 24.65
1985	137,567,000	22.58
1984	124,465,000	20.55
1983	103,473,000	18.31
1982	95,903,000	17.18

+ Adjusted to reflect stock split.

Income Account *

Year ended Jan. 31	1986	1985
Net sales & rev.	$ 550,428,164	$ 590,787,183
Cost of sales	396,041,467	425,930,436
Expenses	114,934,174	129,099,827
Other expense (income)	2,127,988	(1,323,236)
Interest expense	7,937,191	10,593,190
Income before taxes	$ 29,387,344	$ 26,486,966
Income taxes	13,452,000	11,189,000
Net Income	$ 15,935,344	$ 15,297,966

* Included in Costs and Expenses, Depreciation and Amortization: $4,962,733 in 1986 and $4,922,571 in 1985.

Assets

As of Jan. 31	1986	1985
Cash	$ 15,712,218	$ 11,693,750
Commercial paper	7,000,000	—
Receiv., net	67,161,494	85,328,459
*Inventories	105,254,063	132,717,082
Other current assets	1,054,074	1,885,284
Current Assets	$ 196,181,849	$ 231,624,575
#Fixed assets	33,377,196	32,730,542
Leased prop. under cap. lease oblig.	6,436,870	6,956,439
Intangibles	3,290,215	3,307,808
Other assets	2,137,642	3,468,074
Total Assets	$ 241,423,772	$ 278,087,438

Liabilities

Note payable	$ —	$ 12,000,000
Long-term debt, curr.	619,214	861,282
Cap. lease oblig., curr.	691,214	505,419
Accts. payable	31,050,942	30,541,548
Accruals	27,003,316	30,516,659
Income taxes	2,925,751	7,969,986
Curr. Liabilities	$ 62,291,107	$ 82,394,894
Long-term debt	14,642,710	45,262,594
Cap. lease oblig.	5,595,777	6,211,709
Other liabilities	8,218,604	6,651,523
+ Common stock	6,146,475	6,092,475
Add. paid-in capital	35,979,116	35,585,200
Retained earnings	109,386,067	95,889,043
Total Liabilities & Shareholders' Equity	$ 241,423,772	$ 278,087,438

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.34	4.48
%Net Income to Sales	2.90	2.58
%Net Income to Equity	10.58	11.12
Debt to Equity	0.14	0.47
Working Capital	$133,890,742	$149,229,681
Curent Ratio	3.15	2.81
Shareholders' Equtiy	$150,675,574	$137,566,718

Pic 'n' Save Corporation

2430 E. Del Amo Boulevard
Carson, California 90749
(213) 537-9220

Mailing Address
P.O. Box 58667
Los Angeles, California 90058

Officers: Lewis B. Merrifield, III, chairman of the board; Arthur Frankel, president & chief executive officer; Arthur Borie, exec. v.p. & chief operating officer; Bill M. Thomas, executive v.p. & chief financial officer; Arthur Borie, executive v.p. & chief operating officer; Kenneth Johnson, v.p.-store operations; Richard A. Frankel, Steve Miral, v.p.'s & merchandise managers; Sheldon S. McClusky, v.p.-warehousing & distribution; Raymond L. Kugel, asst. treasurer.

Directors: Lewis B. Merrifield, III, chairman; Arthur Frankel, John T. Gurash, David Amstendam, Stafford R. Grady.

Business Activities: Operates a chain of self-service, cash-and-carry retail stores specializing in the discount sale of new "close-out" merchandise. Stores are located in California, Arizona, Nevada, New Mexico, Texas, Colorado and Utah.

Transfer Agent(s):

First Interstate Bank of California
707 Wilshire Blvd.
Los Angeles, California 90017

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PICN (NASDAQ)

Number of Stores: (at fiscal year end)

1985	94	1982	80
1984	90	1981	75
1983	85		

Sales and Earnings

	Net Sales	Net Income
1985	$ 278,072,000	$ 41,074,000
1984	235,147,000	36,510,000
1983	227,130,000	36,451,000
1982	177,738,000	27,009,000
1981	133,079,000	18,512,000

	No. of Com. Shares ‡	Earn. per Share ‡
1985	26,323,000	$ 1.56
1984	29,154,000	1.25
1983	31,081,000	1.17
1982	30,885,000	0.87
1981	30,682,000	0.60

‡ Based on the average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1
1982	—	—	—
1981	—	—	3-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 112,252,000	$ 4.26
1984	70,878,000	2.43
1983	136,346,000	4.39
1982	98,548,000	3.19
1981	71,536,000	2.33

‡ Based on the average number of common shares outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 278,072	$ 235,147
Cost of sales	128,360	108,954
Expenses	67,202	53,912
Income before taxes	$ 82,510	$ 72,281

		1985		1984
Income taxes		41,436		35,771
Net Income	$	41,074	$	36,510

* Included in Costs and Expenses, Depreciation and Amortization: $3,397,000 in 1985 and $2,154,000 in 1984.

Assets
(000's)

As of Dec. 31		1985		1984
Cash	$	37,017	$	22,313
*Inventories		46,624		40,102
Other current assets		2,160		2,200
Current Assets	$	85,801	$	64,615
#Fixed assets		37,346		51,065
Other assets		308		549
Total Assets	$	143,455	$	116,229

Liabilities
(000's)

Accts. payable	$	7,097	$	7,361
Accruals		11,149		10,053
Income taxes		9,925		5,356
Curr. Liabilities	$	28,171	$	22,770
Long-term debt		1,533		21,643
Deferred inc. taxes		1,499		938
+ Common stock		1,098		1,096
Add. paid-in capital		5,716		5,418
Retained earnings		105,438		64,364
Total Liabilities & Shareholders' Equity	$	143,455	$	116,229

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.04⅙ par value.

Statistical Summary

%Income bef. Taxes to Sales	29.67	30.73
%Net Income to Sales	14.77	15.37
%Net Income to Equity	36.59	51.51
Sales to Inventories	5.96	5.86
Debt to Equity	0.01	0.31
Working Capital	$ 57,630,000	$41,845,000
Current Ratio	3.05	2.83
Shareholders' Equity	$112,252,000	$70,878,000

Pier 1 Inc.

Suite 600
301 Commerce Street
Fort Worth, Texas 76102
(817) 878-8000

Officers: L.A. Henderson, chairman; Clark A. Johnson, president & chief executive officer; D.O. Martin, v.p., treasurer & secretary; Thomas A. Christopher, sr. v.p.-operations; Marvin J. Girouard, sr. v.p.-merchandising; Robert G. Herndon, sr. v.p., chief financial and administrative officer; Lincoln Angelius, v.p.-advertising; William N. Strassburger, v.p. & controller; E. Mitchell, v.p.-human resources.

Directors: L.A. Henderson, chairman; Charles W. Tindall, Clark A. Johnson, Lawrence P. Klamon, Charles R. Scott, Thomas N. Warner.

Business Activities: Owns and operates a nationwide chain of retail stores which sell imported and domestic gift items, home decorating accessories and furniture, outdoor and personal accessories. Other retail activities include Sunbelt Nurseries, Inc., which operates 99 retail stores in Texas and Oklahoma that sell plants, planters garden supplies and shrubs. Also has 57 franchised Pier 1 Associate stores and CMEI, Inc., a real estate investment trust fund.

Subsidiaries:

Sunbelt Nurseries, Inc.
Fort Worth, Texas

CMEI, Inc. (95% owned)

Transfer Agent(s):

Texas American Bank/Fort Worth
Corporate Trust Department
P.O. Box 2604
Fort Worth, Texas 76113

Stock Exchange(s): New York

Ticker Symbol: PIR

Number of Stores: (at fiscal year end)

1985	278	1982	295
1984	251	1981	307
1983	285		

Sales and Earnings

		Net Sales +		Net Income †
1985	$	191,109,000	$	17,288,000
1984		160,628,000		27,693,000
1983		140,329,000		12,586,000
1982		123,968,000		9,946,000
1981		121,634,000		8,294,000

	No. of Com. Shares #	Earn. per Share †#
1985	7,506,000	$ 2.30
1984	7,265,000	3.81
1983	7,047,000	0.82
1982	6,571,000	0.76
1981	5,998,000	0.75

+ Of continuing operations only.
† Including extraordinary gains of $3,422,000 ($0.46 per share) in 1985, $12,672,000 ($1.74 per share) in 1984, $5,766,000 ($0.82 per share) in 1983, $4,984,000 ($0.76 per share) in 1982 and $4,504,000 ($0.75 per share) in 1981.
# Based on the weighted average number of shares outstanding.

Common Stock Equity

		Total Equity	Equity Per Share #
1985	$	99,511,000	$ 13.26
1984		83,722,000	11.52
1983		55,532,000	7.88
1982		39,214,000	5.97
1981		30,113,000	5.02

# Based on the weighted average number of shares outstanding.

Income Account

Year ended Aug. 31		1985		1984
Net sales	$	191,109,000	$	160,628,000
Cost of sales		90,200,000		75,065,000
Expenses		79,898,000		67,118,000
Depreciation & amortization		3,397,000		3,021,000
Interest expense		3,349,000		2,961,000
Income before taxes	$	14,265,000	$	12,463,000
Income taxes		6,453,000		6,162,000
Inc. - cont. oper.	$	7,812,000	$	6,301,000
Inc. - discont. oper.		6,054,000		8,720,000
Net Income	$	13,866,000	$	15,021,000
Extraord. gain		3,422,000		12,672,000
Net Income & extraord. gain	$	17,288,000	$	27,693,000

Assets

As of Aug. 31		1985		1984
Cash	$	15,072,000	$	9,385,000
Accts. receiv., net		1,039,000		978,000
*Inventories		51,014,000		43,657,000
Other curr. assets		2,334,000		1,055,000
Current Assets	$	69,459,000	$	55,075,000
#Fixed assets		20,940,000		17,938,000
Other assets		2,384,000		2,245,000
Assets of discont. oper.		54,444,000		51,445,000
Total Assets	$	147,227,000	$	126,703,000

Liabilities

Long-term debt, curr.	$	491,000	$	1,032,000
Accts. payable		4,676,000		6,044,000
Accruals		15,781,000		9,104,000
Curr. Liabilities	$	20,948,000	$	16,180,000
Long-term debt:				
Notes payable		540,000		544,000
10% subord. deben.		24,949,000		24,700,000
Cap. lease oblig.		1,279,000		1,557,000
+ Common stock		7,567,000		6,892,000
Add. paid-in capital		93,282,000		94,870,000
Deficit		(466,000)		(17,754,000)
Cum. trans. adjust.		(501,000)		(286,000)
Treasury stock		(371,000)		—
Total Liabilities & Shareholders' Equity	$	147,227,000	$	126,703,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	13.93	17.94
Sales to Inventories	3.75	3.68
Debt to Equity	0.27	0.33
Working Capital	$48,511,000	$38,895,000
Current Ratio	3.32	3.40
Shareholders' Equity	$99,511,000	$83,722,000

Pope, Evans and Robbins Incorporated

49 West 37th Street
New York, New York 10018
(212) 921-4260

Officers: Joseph E. Robbins, chairman of the board & secretary; Harry Rabinowitz, president & treasurer.

Directors: Joseph E. Robbins, chairman; Julian L. Barnett, Isidore Sol Jaffe, Richard L. Moore, Harry Rabinowitz.

Business Activities: Operates 30 retail stores engaged in the sale of fabrics, notions, and related products, under the name Fabric Tree, mainly in the Northeast. Also, designs, imports and distributes sweaters and other knit products.

Subsidiaries:

DeRotchild Knitwear, Inc.
Fabric Tree, Inc.

Transfer Agent(s):

Continental Stock Transfer and Trust Co.
72 Reade Street
New York, New York

Stock Exchange(s): American

Ticker Symbol: PER

Number of Stores: (at fiscal year end)

1985	30

Sales and Earnings ×

		Net Sales +		Net Income
1985	$	61,622,000	$	(12,947,000)
1984		31,343,000		1,149,000
1983		—		7,828,000
1982		—		10,326,000
1981		—		4,456,000

	No. of Com. Shares ‡	Earn. per Share ‡
1985	8,227,000	$ —
1984	8,180,000	0.14
1983	8,184,000	0.96
1982	8,157,000	1.26
1981	5,946,000	0.75

(Loss)
× Prior to 1984 the company was engaged in the protective fabrics and garments business only. In 1985 these businesses

were discontinued, therefore net sales are omitted prior to 1984.
+ Of continuing operations only.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 31,349,000	$ 3.81
1984	44,263,000	5.38
1983	42,546,000	5.23
1982	35,928,000	4.41
1981	19,362,000	2.62

Income Account *

Year ended June 30th	1985	1984
Net sales	$ 61,621,656	$ 31,343,488
Cost of sales	47,962,021	21,729,894
Expenses	11,806,110	5,174,346
Interest expense	2,653,852	1,047,268
Other expenses	230,804	119,994
Inc. (loss) bef. taxes	$ (1,031,131)	$ 3,271,986
Income taxes (credit)	(531,500)	1,618,000
Inc. (loss) -cont. oper.	$ (499,631)	$ 1,653,986
Loss - discont. oper.	(12,447,745)	(504,942)
Net Income (Loss)	$ (12,947,106)	$ 1,149,044

* Included in Costs and Expenses, Depreciation and Amortization: $1,169,007 in 1985 and $616,804 in 1984.

Assets

As of June 30	1985	1984
Cash	$ 310,597	$ 1,508,093
Accts receiv., net	8,016,365	5,413,644
Refundable taxes	4,888,821	1,161,251
*Inventories	12,683,400	13,744,865
Prepaid expenses	482,071	467,263
Net assets - discont. oper.	11,691,281	47,437,740
Current Assets	$ 38,072,535	$ 69,732,856
#Fixed assets	5,536,691	5,431,076
Notes receivable	18,558,946	1,704,395
Other assets & deferred charges	4,341,594	3,089,140
Intangibles	7,484,714	7,537,390
Net assets - discont. oper.	702,739	1,787,477
Total Assets	$ 74,697,219	$ 89,282,334

Liabilities

	1985	1984
Notes payable	$ 6,929,101	$ 6,210,851
Long-term debt, curr.	117,175	60,371
Accts. payable	2,609,179	4,872,760
Accruals	1,565,395	1,884,355
Income taxes	30,438	214,308
Curr. Liabilities	$ 11,251,288	$ 13,242,645
Long-term debt	32,096,968	31,777,143
+Common stock	839,959	839,377
Add. paid-in capital	21,597,678	21,564,737
Retained earnings	11,509,705	24,456,811
Treasury stock	(2,598,379)	(2,598,379)
Total Liabilities & Shareholders' Equity	$ 74,697,219	$ 89,282,334

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Net Income to Equity	—	2.60
Sales to Inventories	4.86	2.28
Debt to Equity	1.25	0.86
Working Capital	$26,821,247	$56,490,211
Current Ratio	3.38	5.27
Shareholders' Equity	$31,348,963	$44,262,546

The Present Co., Inc.

3042 West Ridge Road
Rochester, New York 14626
(716) 227-0700

Officers: Gordon S. Present, chairman; James R. Present, president & chief exec. officer; Robert E. Meagher, sr. v.p. & asst. secretary; Beryl M. Present, sr. v.p. & secretary; Norman Kramer, v.p.-operations.

Directors: Gordon S. Present, Robert E. Meagher, Beryl M. Present, James R. Present, Charles T. Zelter.

Business Activities: Operates catalog-showrooms and jewelry stores in New York State.

Subsidiary:

Present Yachts Inc.
Sells yachts constructed in Taiwan.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
Rochester, New York 14604

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PRST (NASDAQ)

Number of Stores: (at fiscal year end)

1986	16	1983	11
1985	14	1982	N.A.
1984	11		

N.A. - Not Available.

Sales and Earnings

	Net Sales	Net Income
1986	$ 48,133,804	$ 1,271,284
1985 +	38,665,757	815,593
1984	30,076,037	381,229
1983*	22,570,442	266,234
1982	N.A.	N.A.

	No. of Com. Shares †	Earn. per Share
1986	1,824,856	$ 0.70
1985 +	1,385,958	0.59
1984	1,354,626	0.28
1983*	1,443,288	0.11
1982	1,951,656	0.11

N.A.-Not Available
+ 53 weeks.
* 10 months.
† Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	21-for-1
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 10,136,000	$ 5.55
1985	4,163,000	3.00
1984	3,315,000	2.45
1983	2,934,000	2.03
1982	2,741,000	1.40

† Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Income Account *

Year ended	2/1/86	2/2/85
Net sales	$ 48,133,804	$ 38,665,757
Cost of sales	35,092,655	28,246,029
Expenses	10,514,655	8,675,835
Interest expense	87,210	274,300
Income before taxes	$ 2,439,284	$ 1,469,593
Income taxes	1,168,000	654,000
Net Income	$ 1,271,284	$ 815,593

* Included in Costs and Expenses, Depreciation and Amortization: $344,517 in 1986 and $213,221 in 1985.

Assets

As of	2/1/86	2/2/85
Cash	$ 2,448,216	$ 496,520
Accts. receiv., net	700,458	665,076
*Inventories	18,705,483	12,268,698
Prepaid expenses	670,037	512,394
Current Assets	$ 22,524,194	$ 13,942,688
#Fixed assets	3,033,794	2,315,318
Total Assets	$ 25,557,988	$ 16,258,006

Liabilities

	2/1/86	2/2/85
Notes payable	$ —	$ 1,508,805
Accts. payable	10,993,515	7,083,224
Accruals	2,461,962	1,864,491
Due to affiliate	—	288,604
Income taxes	1,026,058	442,680
Customer deposits	196,739	176,335
Cap. lease oblig., curr.	121,548	118,878
Curr. Liabilities	$ 14,799,822	$ 11,483,017
Deferred inc. taxes	501,186	380,186
Long-term debt	121,306	231,909
+Common stock	210,114	10,088
Add. paid-in capital	5,592,557	1,253,697
Retained earnings	4,396,753	3,125,469
Treasury stock	(63,750)	(226,360)
Total Liabilities & Shareholders' Equity	$ 25,557,988	$ 16,258,006

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.07	3.80
%Net Income to Sales	2.64	2.11
%Net Income to Equity	12.54	19.59
Sales to Inventories	2.57	3.15
Debt to Equity	0.02	0.45
Working Capital	$ 7,724,372	$2,459,671
Current Ratio	1.52	1.21
Shareholders' Equity	$10,135,674	$4,162,894

Pueblo International, Inc.

Loiza Expressway
Corner of Campo Rico Avenue
Carolina, Puerto Rico 00630

Mailing Address:

G.P.O. Box 3288
San Juan, Puerto Rico 00936
(809) 757-3131

Officers: Harold Toppel, chairman of the board; David W. Morrow, president and chief operating officer; Manuel I. Vallecillo, vice chairman; Walter O. Joachim, exec. v.p.; Milton Toppel, v.p.; Jeffrey P. Freimark, sr. v.p.-finance & administration and treasurer; Robert Locke, v.p.-planning & development and asst. secretary; Jesus Jaen, controller & asst. sec.; Stefani Pepe, Rafael Torres, asst. secretaries & asst. treasurers.

Directors: Harold Toppel*, William C. Lang*, George Toppel*, Milton Toppel*, Manuel Vallecillo*, A. Michael Victory, Abraham Zaleznik, Guillermo Rodriguez-Benitez, Revenol Duryea*, Carlos O. Souffront, Richard W. McEwen, David W. Morrow.

* Member of the Executive Committee.

Business Activities: Operates conventional supermarkets in Puerto Rico and the U.S. Virgin Islands, and Xtra Super Food Centers in Puerto Rico and Florida.

Divisions:

Pueblo Supermarkets Division

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): New York, Pacific

Ticker Symbol: PII

Number of Stores: (at fiscal year end)

1986	43	1983	44
1985	42	1982	42
1984	44		

Sales and Earnings

	Net Sales	Net Income †
1986	$ 596,794,000	$ 6,587,000
1985	518,335,000	5,105,000
1984	476,806,000	3,882,000
1983	505,912,000	3,906,000
1982	452,823,000	3,009,000

	No. of Com. Shares ‡	Earn. per Share ‡ †
1986	3,713,000	$ 1.77
1985	3,773,000	1.35
1984	3,751,000	1.03
1983	3,822,000	1.02
1982	3,918,000	0.77

† Including extraordinary gains of $1,288,000 ($0.34 per share) in 1986, $1,416,000 ($0.38 per share) in 1985, $733,000 ($0.19 per share) in 1984, $1,490,000 ($0.39 per share) in 1983 and $75,000 ($0.02 per share) in 1982.
‡ Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.16	—	—
1985	0.16	—	—
1984	0.16	—	—
1983	0.13	—	—
1982	0.09	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 50,432,000	$ 14.07
1985	47,447,000	12.54
1984	42,840,000	11.39
1983	39,466,000	10.55
1982	36,839,000	9.55

Income Account

Year ended	1/25/86	1/26/85
Net sales	$ 596,794,000	$ 518,335,000
Cost of sales	468,633,000	407,774,000
Expenses	109,704,000	98,599,000
Depreciation & amortization	6,837,000	5,798,000
Interest expense	4,409,000	4,985,000
Other income	(2,448,000)	(4,399,000)
Income before taxes	$ 9,659,000	$ 5,578,000
Income taxes	4,360,000	2,552,000
Net Income	$ 5,299,000	$ 3,026,000
Extraord. items	1,288,000	1,416,000
Change in accounting method	—	663,000
Net Income & extraord. items	$ 6,587,000	$ 5,105,000

Assets

As of	1/25/86	1/26/85
Cash	$ 12,818,000	$ 8,987,000
Marketable securities	7,444,000	10,813,000
Accts. receiv., net	5,022,000	7,192,000
*Inventories	34,479,000	30,556,000
Prepaid expenses	4,944,000	4,223,000
Current Assets	$ 64,707,000	$ 61,771,000
#Fixed assets	70,571,000	53,791,000
Prop. held under cap. leases	14,440,000	11,603,000
Short-term investment	5,417,000	—
Other assets	16,940,000	5,477,000
Total Assets	$ 172,075,000	$ 132,642,000

Liabilities

Long-term debt, curr.	$ 4,580,000	$ 1,030,000
Cap. lease oblig., curr.	845,000	686,000
Accts. payable	29,009,000	27,932,000
Dividends payable	150,000	151,000
Accruals	15,452,000	12,214,000
Income taxes	2,676	162,000
Curr. Liabilities	$ 52,712,000	$ 42,175,000
Long-term debt	47,900,000	25,642,000
Cap. lease oblig.	16,742,000	14,116,000
Other defer. credits & liabilities	4,289,000	3,262,000
+Common stock	4,860,000	4,819,000
Add. paid-in capital	10,418,000	10,214,000
Retained earnings	43,409,000	37,421,000
Treasury stock	(8,255,000)	(5,007,000)
Total Liabilities & Shareholders' Equity	$ 172,075,000	$ 132,642,000

* At lower of cost or net realizable market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.62	1.08
%Net Income to Sales	0.89	0.58
%Net Income to Equity	13.06	6.38
Sales to Inventories	17.31	16.96
Debt to Equity	1.39	0.87
Working Capital	$11,995,000	$19,596,000
Current Ratio	1.23	14.45
Shareholders' Equity	$50,432,000	$47,447,000

Rapid-American Corporation

888 Seventh Avenue
New York, New York 10106
(212) 621-4500

Officers: Meshulam Riklis, chairman of the board, pres. & chief exec. officer; Harold S. Divine, vice chairman of the board; Daniel J. Manella, Charles L. Jarvie, Stephen L. Pistner, exec. v.p.'s; Peter Thorner, exec. v.p. & chief financial officer; Paul Weiner, v.p. & treasurer; Stuart H. Aarons, secretary; Michael J. Magenheim, controller & asst. treasurer; Marcia Riklis, v.p.

Directors: Meshulam Riklis*, chairman; Mona R. Ackerman*, Harold S. Divine, Arie Genger, Charles L. Jarvie, Stephen L. Pistner, Ira Riklis*, Marcia Riklis*, Abraham S. Levin, Leonard C. Lane, Daniel J. Manella, Dan Palmon, Leo D. Stone, Helen H. Updike, Seymour Kleinman, Peter Thorner.

* Member of the Executive Committee.

Business Activities: The Company is engaged through its subsidiary, McCrory Corporation, in retail merchandising, through its subsidiary, Schenley Industries, Inc., in the production, importation, and sale of alcoholic beverages under various brand names, and through its subsidiary, McGregor Corporation, in the manufacture, distribution, and sale of a variety of consumer products and the licensing of several trademarks.

In the retail area, McCrory currently operates 720 variety stores in 38 states and the District of Columbia under the "McCrory," "McLellan," "H.L. Green," "J.J. Newburry," and S.H. Kress," names. These stores sell a broad mix of consumer merchandise; restaurants or luncheonettes are operated in 324 stores; six free-standing restaurants are also operated.

McCrory, through its subsidiary T. G. & Y. Stores, operates 230 variety stores, 470 discount stores, and 18 clearance centers in 26 states under the "T. G. & Y." and "Dollar T," names. These stores sell general merchandise.

Subsidiaries:

Schenley Industries, Inc.
McGregor Corp.
Rapid Typographers Company, Inc.
Rapid Distribution Service, Inc.
View Top Corporation
McCrory Corporation
Schenley Medical Imaging, Inc.

Acquisition(s):

T. G. & Y. Stores Company

Stock Exchange(s): *New York, Cincinnati, Pacific

* As of January 31, 1981, Rapid-American became a privately held company. The Company's debentures are publicly traded on these exchanges.

Number of Stores: (at fiscal year end)

1986	1,438	1983	1,792
1985	723	1982	1,773
1984	1,800		

Sales and Earnings

	Net Sales + (000's)	Net Income ‡ (000's)
1986	$ 1,897,701	$ 85,140
1985	1,751,088	(8,356)
1984	1,442,492	56,444
1983	1,597,246	46,499
1982	1,637,600	6,955

	No. of Com. Shares	Earn. per Share ‡#
1986	1,461,364	$ —
1985	1,461,364	—
1984	2,435,607	22.84
1983	2,435,607	18.71
1982	2,435,607	2.03

(Loss)
+ Of continuing operations only; includes leased department sales.
‡ Including extraordinary gains of $2,960,000 ($1.22 per share) in 1984, $13,834,000 ($5.68 per share) in 1983 and extraordinary losses of $4,003,000 in 1986 and $18,240,000 in 1985.
# Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Alcoholic beverages	$ 401,000	$ 416,000
Retail merchandising	993,000	927,000
Consumer prods.	459,000	408,000
Others	45,000	—
Total	$ 1,898,000	$ 1,751,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.57	—	—
1985	2.60	—	—
1984	0.75	—	—
1983	1.60	—	—
1982	1.00	—	—

Income Account
(000's)

Year ended Jan. 31	1986	1985
Net sales	$ 1,897,701	$ 1,751,088
Other income	135,015	68,051
Total Income	$ 2,032,716	$ 1,819,139
Cost of sales	1,321,661	1,138,265
Expenses	535,713	477,048
Depreciation & amortization	35,324	29,151
Interest expense	163,876	180,473
Minority interest	665	3,642
Inc. (loss) bef. taxes	$ 65,477	$ (9,440)
Income taxes (credit)	27,026	(4,761)
Inc. (loss)-cont. oper.	$ 38,451	$ (4,679)
Inc. - discont. oper.	50,692	14,563
Net Income	$ 89,143	$ 9,884
Extraord. loss	(4,003)	(18,240)
Net Income & extraord. loss	$ 85,140	$ (8,356)

Assets
(000's)

As of Jan. 31	1986	1985
Cash	$ 20,722	$ 26,131
Marketable securities	70,020	462,324
Accts. receiv., net	165,568	141,509
*Inventories	887,747	434,514
Other receivables	180,167	56,602
Assets held for sale to stockholders	39,565	208,133
Current Assets	$ 1,363,789	$ 1,329,213
Invest. & advances	19,890	33,262
#Fixed assets	428,520	344,118
Other assets	450,058	415,688
Total Assets	$ 2,262,257	$ 2,122,281

Liabilities
(000's)

	1986	1985
Long-term debt, curr.	$ 57,958	$ 76,721
Cap. lease oblig., curr.	7,421	7,792
Short-term debt	121,300	24,227
Accts. payable	405,037	134,693
Accruals	297,947	184,998
Income taxes	5,325	15,752
Curr. Liabilities	$ 894,988	$ 444,183
Long-term debt	964,885	1,318,013
Cap. lease oblig.	85,817	66,576
Minority interest	15,104	58,289
Deferred inc. taxes	95,213	120,440
Other liabilities	96,282	38,334
+ Preferred stock	1	1
+ Common stock	24	24
Add. paid-in capital	169,524	167,670
Retained earnings	80,149	79,635
Treasury stock	110,000	(110,000)
For. curr. trans. adjust	(4,920)	(4,363)
Due from stockholders	(24,810)	(56,521)
Total Liabilities & Shareholders' Equity	$ 2,262,257	$ 2,122,281

* At LIFO cost.
# Less accumulated depreciation and amortization.
+ $0.01 par value

Statistical Summary

%Net Income to Equity	77.42	—
Sales to Inventories	2.14	4.03
Working Capital	$468,801,000	$885,030,000
Current Ratio	1.52	2.99
Shareholders' Equity	$109,968,000	$ 76,446,000

RB Industries, Inc.

Corporate Offices:
1801 Century Park East, Suite 2101
Los Angeles, California 90067
(213) 553-3655

Executive Offices:
2323 Southeast Main Street
Irvine, California 92714

Officers: Joseph Sinay, chairman of the board, president & chief exec. officer; Stanley N. Goff, exec. v.p. & chief operating officer; Samuel B. Sinay, v.p.; James Brightman, v.p.-finance & secretary; Araceli T. Bowker, treasurer; Laurence A. Crink, Jr., president & chief oper. officer-RB Furniture Inc.

Directors: Joseph Sinay, Samuel B. Sinay, Stanley N. Goff, Irvine Robbins, James E. Ludlam.

Business Activities: Owns and operates 63 RB Furniture Showrooms in California, Nevada, Arizona, Oregon, New Mexico, Texas and Washington, and five W & J Sloane Furniture Showrooms in the greater Los Angeles area

Divisions and Subsidiaries:

RB Furniture, Inc.
RB Creative Systems, Inc.
Laurel Development Company
W.J.S., Inc.

Transfer Agent(s):

Bank of America NT & SA
Los Angeles, California

Stock Exchange(s): New York

Ticker Symbol: RBI

Number of Stores: (at fiscal year end)

1985	68
1984	71
1983	76
1982	77
1981	73

Sales and Earnings

	Revenues	Net Income ‡
1985	$ 116,507,000	$ (16,981,000)
1984	133,823,000	(2,681,000)
1983	97,805,000	387,000
1982	95,002,000	958,000
1981	90,482,000	652,000

	No. of Com. Shares #	Earn. per Share #‡
1985	4,057,000	$ —
1984	4,179,000	—
1983	3,437,000	0.11
1982	2,937,000	0.33
1981	2,935,000	0.22

(Loss)
‡ Including extraordinary gain of $251,000 ($0.06 per share) in 1985.
# Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.08	—	—
1984	0.16	—	—
1983	0.12	—	—
1982	0.16	—	—
1981	0.28	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 16,304,000	$ 4.02
1984	41,632,000	9.96
1983	29,672,000	8.63
1982	18,745,000	6.38
1981	18,247,000	6.22

‡ Based on the average number of shares outstanding.

Income Account *

Year ended June 30	1985	1984
Net sales	$ 115,371,000	$ 132,401,000
Other income	1,136,000	1,422,000
Total Income	$ 116,507,000	$ 133,823,000
Cost of sales	66,481,000	73,342,000
Expenses	55,084,000	56,777,000
Interest exp.	3,913,000	4,173,000
Unusual charges	8,595,000	3,105,000
Loss before taxes	$ (17,566,000)	$ (3,574,000)
Tax credit	(2,596,000)	(1,695,000)
Eq. in losses of affil.	—	802,000
Net Loss	$ (14,970,000	$ (2,681,000)
Extraordinary gain	251,000	—
Cum. effect. - change in acctg. method	(2,262,000)	—
Net Loss & extraord. gain	$ (16,981,000)	$ (2,681,000)

* Included in Costs and Expenses, Depreciation and Amortization: $2,361,000 in 1985 and $2,009,000 in 1984.

Assets

As of June 30	1985	1984
Cash & Cash equivalents	$ 2,076,000	$ 4,659,000
Notes receivable	12,000	702,000
Investments	—	4,435,000
Accts. receiv., net	1,299,000	12,696,000
Refundable income taxes	1,468,000	1,634,000
*Inventories	20,831,000	31,415,000
Prepaid expenses	1,131,000	2,115,000
Current Assets	$ 26,817,000	$ 57,656,000
#Fixed assets	39,426,000	42,158,000
Notes receivable	6,035,000	2,707,000
Investments	2,018,000	6,134,000
Other assets	757,000	1,521,000
Total Assets	$ 75,053,000	$ 110,176,000

Liabilities

	1985	1984
Long-term debt, curr.	$ 953,000	$ 4,844,000
Oblig. under cap. lease	495,000	494,000
Accts. payable	5,757,000	13,451,000
Accruals	10,274,000	8,303,000
Defer. inc. taxes	—	2,713,000
Curr. Liabilities	$ 17,479,000	$ 29,805,000
Long-term debt	10,776,000	8,659,000
Long-term oblig. under cap. lease	18,079,000	18,572,000
Debentures	9,102,000	9,237,000
Other liabilities	3,313,000	1,162,000
Deferred inc. taxes	—	1,109,000
+ Common stock	3,398,000	4,304,000
Add. paid-in capital	19,282,000	26,389,000
Retained earn. (deficit)	(6,376,000)	10,939,000
Total Liabilities & Shareholders' Equity	$ 75,053,000	$ 110,176,000

* At lower of cost (specific identification) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

Sales to Inventories	5.54	4.21
Debt to Equity	1.86	0.78
Working Capital	$ 9,338,000	$27,851,000
Current Ratio	1.53	1.93
Shareholders' Equity	$16,304,000	$41,632,000

Reitmans (Canada) Limited

250 Sauvé Street West
Montreal, H3L 1Z2 Quebec, Canada
(514) 384-1140

Officers: Jack Reitman, chairman; Stephen F. Reitman, exec. v.p., Jeremy H. Reitman, president; vice presidents: Cyril Reitman, Bruno Eller, v.p.-store planning; Jacques Rousseau,

Reitmans (Canada) Limited

v.p. & treasurer; Philip Sacks-merchandise; Allan Salomon-real estate & secretary; Louis Waxman-Ontario operations; Jay Weiss-information systems; L. Michael Blumenstein, asst. secretary; Ruth Asher, v.p.-store relations; Diane Fichaud, v.p.-human resources; Allen F. Rubin, v.p.-distribution; Eric Williams, comptroller; Robert S. Vineberg, asst. secretary.

Directors: Jack Reitman, Jeremy H. Reitman, Philip F. Vineberg, Cyril Reitman, Philip Sacks, Philippe de Gaspé-Beaubien, Stephen Reitman.

Business Activities: Operates a chain of women's specialty shops across Canada and the central U.S. Some of these stores have children's and teen departments. Also operates leased department in self-service department stores and Smart Set Shops, a chain of boutiques, Worth's, Sweet Sixteen, and Un-Deux-Trois stores.

Divisions and Subsidiaries:

Sweet Sixteen (Canada)
Reitmans (Canada) Inc.
Reitmans (U.S.) Corp.
Smart Set Fashions, Limited
Worth's Stores Corp.
Chablis stores
Un-Deux-Trois

Transfer Agent(s):

Montreal Trust Company
Montreal, Toronto, Halifax, Calgary, Vancouver.

Stock Exchange(s): Toronto, Montreal

Ticker Symbol: RET

Number of Stores: (at fiscal year end)

1986	698	1983	652
1985	666	1982	649
1984	651		

Sales and Earnings *

	Net Sales	Net Income
1986	$ 335,765,000	$ 20,262,000
1985	293,811,239	13,666,490
1984 ×	282,346,709	13,749,224
1983	265,998,376	12,692,000
1982	255,600,524	11,815,000

	No. of Com. Shares +	Earn. per Share †
1986	9,275,482	$ 2.18
1985	9,275,482	1.47
1984 ×	9,275,482	1.48
1983	9,275,482	1.37
1982	9,275,482	1.27

* In Canadian dollars.
× Restated to reflect change in method of translating financial statements of the U.S. subsidiary companies.
+ Based on common shares and Class A shares outstanding adjusted to reflect stotck dividend.
† Based on the weighted average number of Class A and common shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.52	—	—
1985	0.52	—	—
1984	0.48	100%	—
1983	0.46	—	—
1982	0.46	—	—

‡ Common stock and Class A Stock combined adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 124,138,000	$ 13.38
1985	106,322,000	11.46
1984 ×	95,878,000	10.34
1983	85,331,000	9.20
1982	76,906,000	8.29

× Restated.
‡ Based on Class A and common shares outstanding adjusted to reflect stock dividend.

Income Account

Year ended Jan. 31	1986	1985
Net sales	$ 335,765,000	$ 293,811,239
Cost of sales & expenses	302,323,000	271,293,809
Other income	(6,238,000)	(5,403,975)
Depreciation	5,408,000	4,754,983
Debenture interest	252,000	266,469
Amort. of goodwill	877,000	831,922
Income before taxes	$ 33,143,000	$ 22,068,031
Income taxes	12,881,000	8,401,541
Net Income	$ 20,262,000	$ 13,666,490

Assets

As of Jan. 31	1986	1985
Cash	$ 11,333,000	$ 14,441,971
Accts. receiv., net	2,197,000	2,456,887
*Inventories	29,933,000	28,294,227
Prepaid expenses	2,921,000	2,381,232
Inc. taxes recov.	—	85,546
Current Assets	$ 46,384,000	$ 47,659,863
Marketable securities	65,426,000	44,739,315
#Fixed assets	29,867,000	24,324,996
Goodwill	19,053,000	11,911,800
Total Assets	$ 160,730,000	$ 128,635,974

Liabilities

Accts. payable & accruals	$ 26,335,000	$ 20,545,701
Income taxes	2,378,000	—
Other taxes	—	1,142,613
Curr. Liabilities	$ 28,713,000	$ 21,930,314
Long-term debt	7,835,000	—
Deferred inc. taxes	44,000	384,046
+ Class A stock	1,215,000	1,214,609
+ Common stock	482,000	482,171
Curr. trans. gain	5,181,000	2,803,198
Retained earnings	117,260,000	101,821,636
Total Liabilities & Shareholders' Equity	$ 160,730,000	$ 128,635,974

* At lower of cost and net realizable value.
# Less accumulated depreciation.
+ ~~No~~-par value.

Statistical Summary

%Income bef. Taxes to Sales	9.87	7.51
%Net Income to Sales	6.03	4.65
%Net Income to Equity	16.32	12.85
Sales to Inventories	11.22	10.38
Debt to Equity	0.06	—
Working Capital	$ 17,671,000	$ 25,729,549
Current Ratio	1.62	2.17
Shareholders' Equity	$124,138,000	$106,321,614

Revco D.S., Inc.

1925 Enterprise Parkway
Twinsburg, Ohio 44087
(216) 425-9811

Officers: Sidney Dworkin, chief executive officer & chairman; William B. Edwards, president & chief operating officer; Henry H. Gray, vice chairman; R. Carroll Hudson, exec. v.p. & chief financial officer; Marc Dworkin, exec. v.p.-marketing; Albert Sebok, sr. v.p.-store operations; Marvin Solganik, sr. v.p.-real estate; Harold Bardon, v.p.-finance; Howard G. Bieber, v.p.-distribution; Elliot F. Dworkin, sr. v.p.-marketing; Stephen P. Gruber, v.p.-taxes; Daniel Horwitz, v.p.-merchandising; H. Scott Leeseberg, v.p.-systems; Frank D. Petruno, v.p.-security; Paul R. Shellabarger, v.p.-store operations; Wilbur B. Smith, v.p.-financial planning & treasurer; Martin Zeiger, sr. v.p., general counsel & secretary; Lawrence Bell, asst. v.p.-risk mgmt.; Leonard Cohen, v.p.-personnel; Gary Just, asst. v.p.-construction & maintenance; Robert C. Lewis, asst. v.p.-systems; Richard B. Harpster, asst. v.p.-taxes; Mark L. Schroeder, asst. v.p.-real estate; Howard A. Silver, asst. v.p.-internal auditing; William Mazur, asst. v.p.-distribution; Jay E. Ross, asst. v.p.-merchandising; Morton L. Stone, asst. secretary; Jack Staph, asst. secretary & corp. counsel; Jerry Wasserman, v.p.-third party programs; David R. Stitt, corp. controller; Linda Gaunter, asst. v.p.-purchasing; Ron Foster, asst. v.p.-professional operations; Patrick McCafferty, asst. v.p.-purchasing; Douglas J. Lightner, asst. treasurer.

Directors: Sidney Dworkin, chairman; Henry H. Gray, William W. Davis, Marvin Solganik, Edward C. Gendron*, R. Carroll Hudson, Dudley J. Taw, Marc Dworkin, Malvin E. Bank*, William B. Edwards, Edward B. Brandon*, Claude M. Blair*, Daniel M. Bogard.

* Member of the Executive Committee.

Business Activities: Operates a chain of approximately 1,900 discount drug stores in 30 states. Through its Odd Lot Division, the Company operates 152 stores which sell close-outs and discontinued merchandise at discount prices. Through its subsidiaries, also produces pharmacy computer systems and vitamins.

Divisions:

Odd Lot Division
Drugstore Division

Subsidiaries:

General Computer Corporation
Develops stand-alone pharmacy computer systems.

Carter-Glogau Laboratories
Produces vitamins and intravenous vitamin preparations.

Acquisition(s):

Carls Drug Company, Inc.
Rome, New York
Operates a chain of 42 drugstores in New York, New Hampshire, and Vermont.

Transfer Agent(s):

AmeriTrust Company
Corporate Trust Division
P.O. Box 6477
Cleveland, Ohio 44101

Stock Exchange(s): New York, Midwest

Ticker Symbol: RDS

Number of Stores*: (at fiscal year end)

1985	1,898	1982	1,593
1984	1,778	1981	1,514
1983	1,661		

* Drugstores only.

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1985	$ 2,395,640	$ 38,906
1984*	2,227,510	93,411
1983	1,839,062	68,072
1982	1,588,666	49,027
1981	1,310,404	45,129

	No. of Com. Shares #	Earn. per Share #
1985	36,770,875	$ 1.06
1984*	36,816,757	2.54
1983	35,654,429	1.91
1982	35,153,141	1.39
1981	35,076,575	1.29

* 53 weeks.
# Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1985	$0.80	—	—
1984	0.68	—	—
1983	0.57	—	3-for-2
1982	0.49	—	—
1981	0.42	—	3-for-2

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 457,354,000	$ 12.48
1984	447,126,000	12.22
1983	374,158,000	10.24
1982	285,504,000	8.12
1981	248,950,000	7.09

‡ Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	6/1/85	6/2/84
Net sales	$ 2,395,640	$ 2,227,510
Cost of sales	1,794,734	1,602,150
Expenses	519,781	447,777
Oper. profit	$ 81,125	$ 177,583
Interest income	(1,777)	(3,363)
Interest expense	14,796	6,402
Income before taxes	$ 68,106	$ 174,544
Income taxes	29,200	81,133
Net Income	$ 38,906	$ 93,411

* Included in Costs and Expenses, Depreciation and Amortization: $28,250,000 in 1985 and $22,534,000 in 1984.

Assets
(000's)

As of	6/1/85	6/2/84
Cash	$ 8,152	$ 18,591
Accts. & notes receiv., net	75,429	53,680
*Inventories	491,583	471,871
Prepaid expenses	26,271	18,617
Current Assets	$ 601,435	$ 562,759
#Fixed assets	242,852	187,547
Other assets	30,685	26,910
Total Assets	$ 874,972	$ 777,216

Liabilities
(000's)

Short-term borrowings	$ 120,939	$ 50,908
Long-term debt, curr.	4,117	3,576
Accts. payable	166,221	158,965
Accrued payroll	18,998	17,814
Accruals	27,216	22,989
Income taxes	7,706	14,165
Curr. Liabilities	$ 345,197	$ 268,417
Long-term debt	44,781	39,408
Deferred inc. taxes	27,640	22,265
+ Common stock	36,641	36,593
Add. paid-in capital	39,194	38,638
Retained earnings	381,519	371,895
Total Liabilities & Shareholders' Equity	$ 874,972	$ 777,216

* At lower of cost (LIFO) or replacement market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.84	7.84
%Net Income to Sales	1.62	4.19
%Net Income to Equity	8.51	20.89
Sales to Inventories	4.87	4.72
Debt to Equity	0.37	0.21
Working Capital	$256,238,000	$294,342,000
Current Ratio	1.74	2.10
Shareholders' Equity	$457,354,000	$447,126,000

Revelstoke Companies Ltd.

P.O. Box 2501
508 24th Avenue S.W.
Calgary, Alberta, T2P 2N2 Canada
(403) 229-4666

Officers: D. Steele Curry, president and chief executive officer; Keith A. C. McDowell, sr. v.p. & secretary-treasurer; Gordon D. Roberts, exec. v.p.; Lionel E. Dobson, David A. Dupont, v.p.'s & gen. mdse. mgrs; Kenneth F. Sanford, v.p. & controller; Brian J. Spong, sr. v.p.-merchandising.

Directors: Gerald A. Berkhold, D. Steele Curry, John L. Schlosser, Robert L. Strickland, G. Mark Curry, Daryl K. Seaman, Kitson Vincent, Harold P. Milavsky, Robert Stollery.

Business Activities: Owns and operates a chain of lumber, building material and home improvement retail outlets throughout Western Canada. The stores are called "home improvement centres" in urban markets and "building centres" in rural markets. Also produces lumber.

Divisions and Subsidiaries:

Retail Division
Revelstoke Concrete & Lumber Ltd.
Revelstoke Home Improvement Centers Ltd.

Transfer Agent(s):

Montreal Trust Company (common stock)
Calgary, Toronto, Montreal and Vancouver

Canada Trust Company (preferred stock)
Calgary, Toronto, Montreal and Vancouver

Stock Exchange(s): Toronto

Ticker Symbol: REVA & REVB

Number of Stores: (at fiscal year end)

1985	73	1982	92
1984	76	1981	98
1983	80		

Sales and Earnings

	Net Sales +	Net Income#
1985	$ 153,957,000	$ (2,373,000)
1984	137,137,000	(7,583,000)
1983	153,962,000	121,000
1982	143,862,000	(3,797,000)
1981	190,771,000	624,000

	No. of Com. Shares†	Earn. per Share ‡#
1985	5,293,348	$ --
1984	5,155,461	--
1983	5,139,461	—
1982	4,456,386	—
1981	4,666,386	0.13

(Loss)
+ Of continuing operations only.
# Including extraordinary gain of $3,873,000 ($0.75 per share) in 1984.
† Class A and Class B shares combined.
‡ Based on the weighted average number of class A and class B shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.115		
1984	0.10	—	—
1983	0.10	—	—
1982	0.17	—	—
1981	0.34	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share†
1985	$ 25,394,000	$ 4.81
1984	27,812,000	5.40
1983	35,866,000	6.99
1982	30,541,000	6.86
1981	36,422,000	7.81

‡ After allowing for preferred stock at redemption value of $20.50 per share.
† Class A and Class B shares combined.

Income Account
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 153,957	$ 137,137
Gain on dispos. of fixed assets	(1,134)	(1,597)
Cost of sales & expenses	149,365	140,884
Depreciation, depletion & amortization	2,310	3,102
Interest expense	5,451	5,324
Loss from concrete div.	—	985
Loss before taxes	$ (2,035)	$ (11,561)
Income taxes (credit)	338	(105)
Net Loss	$ (2,373)	$ (11,456)
Extraord. gain	—	3,873
Net Loss & extraord. gain	$ (2,373)	$ (7,583)

Assets
(000's)

As of Dec. 31	1985	1984
Accts. receiv., net	$ 13,650	$ 16,890
Inc. taxes recov.	—	125
*Inventories	42,696	42,636
Current Assets	$ 56,346	$ 59,651
Income taxes	2,168	2,488
Notes receiv.	411	503
Investments	6,000	6,000
#Fixed assets	19,027	21,998
‡Assets under cap. leases	186	2,321
Total Assets	$ 84,138	$ 92,961

Liabilities
(000's)

Short-term loans	$ 35,722	$ 38,065
Accts. payable & accruals	10,583	10,864
Long-term debt, curr.	926	926
Cap. lease oblig., curr.	323	1,172
Curr. Liabilities	$ 47,554	$ 51,027
Long-term debt	9,525	10,441
Cap. lease oblig.	—	2,014
+ Preferred stock	1,624	1,626
+ Common stock Class A	10,889	10,223
Class B	740	762
Retained earnings	13,806	16,868
Total Liabilities & Shareholders' Equity	$ 84,138	$ 92,961

* At lower of cost (FIFO) or net realizable value.
# Less accumulated depreciation and depletion.
‡ Less accumulated amortization.
+ No par value.

Statistical Summary

Sales to Inventories	3.61	3.22
Debt to Equity	1.72	1.78
Working Capital	$ 8,792,000	$ 8,624,000
Current Ratio	1.18	1.17
Shareholders' Equity	$27,059,000	$29,479,000

Rite Aid Corporation

Railroad Avenue and Trindle Road
Shiremanstown, Pennsylvania 17011
(717) 761-2633

Mailing address:

P.O. Box 3165
Harrisburg, Pennsylvania 17105

Rite Aid Corporation

Officers: Alex Grass, chairman of the board and president; Martin Grass, exec. v.p.; Heinz Boldes, Timothy Noonan, Alex Schamroth, Franklin C. Brown, Duane Ruble, Frank Bergonzi, Howard Diener, Roger Grass, Robert Souder, sr. v.p.'s; Robert F. Brown, v.p. & treasurer; Charles Slane, v.p. & secretary; Gerald Cardinale, Joe Groelly, Walter K. McCahan, Stuart Becker, F. Edward Chappell, David L. Dalton, Michael Flaherty, James Krahulec, Ronald A. Miller, John Valvano, Don Auchey, Philip Markovitz, Thomas M. Rouven, vice presidents; Joseph Rosen, v.p.-Sera-Tec Biologicals; George Fegan, James O. Lott, Jr., Edward Neiman, John Palermo, Joseph T. Skaggs, Eric S. Sorkin, John McNamara, P. Douglas Stone, Barry Criss, Marlin Fike, Daniel Garber, I. Lawrence Gelman, Ivan Kron, Ray McKeeby, Michael Morris, Alan Reid, Barry Shaeffer, Fred Wendte, asst. v.p.'s.

Directors: Alex Grass, chairman; Franklin C. Brown, Martin Grass, Leonard N. Stern, Preston Robert Tisch, Philip Neivert, Duane R. Ruble, Philip Zinman, Henry Taub.

Areas of Work: Owns and operates a chain of discount drug stores and health and beauty aid stores in Connecticut, Maryland, Virginia, New Jersey, New York, Pennsylvania, New Hampshire, Delaware, Massachusetts, Vermont, Indiana, Georgia, Michigan, Tennessee, Kentucky, Ohio, West Virginia, North Carolina, South Carolina and Rhode Island. These stores are called Rite Aid and Drug Palace. Through subsidiaries, operates home health care centers, a rack service merchandiser of non-food products to grocery stores and specialized blood banking operations. The Company holds a 46.8% interest in Super Rite Foods, Inc., a grocery wholesaler and retailer. The company also owns a 28.2% interest in Superdrug, Stores P.L.C., which operates 211 stores in Great Britain. In addition, operates ADAP, Inc., a chain of discount automotive parts stores; and Penn Encore, a chain of discount book stores.

Divisions and Subsidiaries:

Rack Rite Distributors, Inc.
Railroad Avenue and Trindle Road
Shiremanstown, Pennsylvania 17011
(717) 761-2633

Sera-Tec Biologicals
525 Milltown Road
North Brunswick, New Jersey 08902
(201) 846-6800

ADAP
600 Bodwell Street
Avon, Maine 02322
(617) 587-8400

Encore Books
34 South 17th Street
Philadelphia, Pennsylvania 19103

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
New York, New York 10015

Registrar and Transfer Co.
Jersey City, New Jersey 07302

Stock Exchange(s): New York, Pacific

Ticker Symbol: RAD

Number of Stores: (at fiscal year end)*

1986	1,485
1985	1,351
1984	1,147
1983	1,055
1982	963

* Continuing operations only.

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	$ 1,564,119	$ 67,924
1985	1,360,469	69,936
1984*	1,149,559	74,261
1983	1,003,320	54,978
1982	871,611	39,852

	No. of Com. Shares ‡	Earn. per Share ‡
1986	41,235,000	$ 1.52
1985	41,279,000	1.69
1984*	42,169,000	1.76
1983	42,124,000	1.31
1982	42,114,000	0.95

* 53 weeks.
+ Of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985
Retail drug	$1,472,831,000	$1,297,054,000
Medical services	23,039,000	15,404,000
Specialty retailing	68,249,000	48,011,000
Total	$1,564,119,000	$1,360,469,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.520	—	—
1985	0.433	—	—
1984	0.343	—	2-for-1
1983	0.280	—	3-for-2
1982	0.232	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 397,993,000	$ 9.65
1985	353,665,000	8.57
1984	323,797,000	7.68
1983	260,676,000	6.19
1982	217,872,000	5.17

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	3/1/86	3/2/85
Net sales	$ 1,564,119	$ 1,360,469
Cost of sales	1,115,764	967,214
Expenses	304,525	256,007
Interest expense	19,891	11,363
Income before taxes	$ 123,939	$ 125,885
Income taxes	59,986	61,705
Eq. in earn. of 50% or less owned cos.	(3,971)	(4,716)
Inc. - cont. oper.	$ 67,924	$ 68,896
Inc.(loss)-discont. oper.	(5,377)	1,040
Net Income	$ 62,547	$ 69,936

* Included in Costs and Expenses, Depreciation and Amortization: $37,204,000 in 1986 and $27,588,000 in 1985.

Assets
(000's)

As of	3/1/86	3/2/85
Cash & short-term invest.	$ 13,883	$ 9,604
Marketable securities	5,920	—
Notes receivable	10,076	—
Accts. & notes receiv., net	67,845	46,082
*Inventories	340,686	258,325
Prepaid expenses & other assets	10,076	7,404
Assets of discont. oper.	—	38,861
Current Assets	$ 448,486	$ 360,276
Investments & advances	26,713	21,145
#Fixed assets	250,240	196,623
Other assets	8,647	5,818
Intangibles	58,081	64,187
Assets of discont oper.	—	146,156
Total Assets	$ 792,167	$ 662,205

Liabilities
(000's)

Short-term debt	$ 92,000	$ 78,470
Long-term debt, curr.	4,938	2,704
Accts. payable	97,466	80,609
Accruals	6,577	6,984
Income taxes	8,359	11,124
Other taxes	5,494	4,596
Liab. of discont. oper.	—	9,817
Curr. Liabilities	$ 214,834	$ 194,304
Long-term debt	146,146	81,451
Deferred income taxes	33,194	30,397
Liab. of discont. oper.	—	2,388
+Common stock	42,361	42,304
Add. paid-in capital	995	427
Retained earnings	377,532	336,428
Unreal. for. currency translation losses	(2,109)	(4,708)
Treasury stock	(20,786)	(20,786)
Total Liabilities & Shareholders' Equity	$ 792,167	$ 662,205

* At lower of cost or market. Retail drug inventories at LIFO; all others at FIFO.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Net Income to Equity	15.72	10.56
Sales to Inventories	4.59	5.27
Debt to Equity	0.61	0.46
Working Capital	$233,652,000	$165,972,000
Current Ratio	2.09	1.85
Shareholders' Equity	$397,993,000	$353,665,000

Rix Corp.

(The Company, as of August 1, 1985, became a privately held corporation.)

84 Rowe Street
Auburndale, Massachusetts 02166
(617) 969-4200

Officers: Richard L. Weinberg, president & treasurer; Edwin Schwartz, v.p.-special projects; Steven Sorkin, v.p.-merchandising; Reuben A. Herman, v.p.-finance & asst. treasurer; Lawrence M. Levinson, clerk; Martin B. Schulkin, Stephen W. Rider, asst. clerks.

Directors: Richard L. Weinberg, Carol C. Weinberg, Lawrence Levinson, Gale Raphael.

Business Activities: Operates retail stores and leased departments in 15 states, specializing in health and beauty aids, cosmetics, stationery and candy.

Number of Retail Outlets: (at fiscal year end)

	Stores	Leased Departments
1984	34	73
1983	33	72
1982	34	69
1981	35	69
1980	38	78

Sales and Earnings

	Net Sales	Net Income
1984	$ 38,551,982	$ 388,191
1983	34,706,368	226,536
1982	31,575,563	102,243
1981	30,935,858	(178,700)
1980	29,030,879	250,482

	No. of Com. Shares	Earn. per Share #
1984	478,294	$ 0.74
1983	609,569	0.37
1982	610,669	0.17

1981	614,269	—
1980	619,269	0.40

(Loss)
# Based on the weighted average number of shares.

Common Stock Equity

	Total Equity	Equity Per Share
1984	$ 4,562,665	$ 9.54
1983	4,757,146	7.80
1982	4,534,622	7.43
1981	4,441,779	7.23
1980	4,630,177	7.48

Income Account *

Year ended	9/1/84	8/27/83
Net sales	$ 38,551,982	$ 34,706,368
Cost of sales & expenses	37,782,392	34,288,635
Interest expense	161,373	86,238
Income before taxes	$ 608,217	$ 331,495
Income taxes	220,026	104,959
Net Income	$ 388,191	$ 226,536

* Included in Costs and Expenses, Depreciation and Amortization: $220,592 in 1984 and $164,679 in 1983.

Assets

As of	9/1/84	8/27/83
Cash	$ 241,369	$ 374,070
Accts. receiv., net	533,612	525,527
*Inventories	6,936,690	6,391,000
Prepaid expenses	265,985	116,148
Current Assets	$ 7,977,656	$ 7,406,745
#Fixed assets	1,236,132	1,069,821
Total Assets	$ 9,213,788	$ 8,476,566

Liabilities

Long-term debt, curr.	$ 500,409	$ 4,161
Accts. payable	2,985,218	2,797,246
Accruals	565,746	301,211
Compensation & related taxes	324,750	415,050
Curr. Liabilities	$ 4,376,123	$ 3,517,668
Long-term debt	275,000	201,752
+Common stock	64,000	64,000
Add paid-in capital	443,125	443,125
Retained earnings	4,690,286	4,302,095
Treasury stock	(634,746)	(52,074)
Total Liabilities & Shareholders' Equity	$ 9,213,788	$ 8,476,566

* At lower of cost (FIFO or retail method) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.58	0.95
%Net Income to Sales	1.01	0.65
%Net Income to Equity	8.51	4.76
Sales to Inventories	5.56	5.43
Working Capital	$3,601,533	$3,889,077
Current Ratio	1.82	2.10
Shareholders' Equity	$4,562,665	$4,757,146

Rose's Stores, Inc.

P. H. Rose Building
P.O. Drawer 947
Henderson, North Carolina 27536
(919) 492-8111

Officers: L.H. Harvin, III, chairman & chief executive officer; Jack Edwards, president & chief operating officer; J. Avery Roberts, Jr. sr. v.p.-human resources; John W. Little, sr. v.p.-merchandise; Jack E. Bush, sr. v.p.-operations & customers; John H. McElroy, v.p.-marketing; R. Edward Anderson, v.p.-info. systems & controller; D.C. Rose, v.p.-finance & treasurer; T.B. Rose, III, v.p.-distribution & warehouse merchandising; George M. Harvin, v.p.-expansion & real estate; G.B. Rush, secretary & asst. treasurer; Joseph D. Osowski, v.p. & gen. merchandise mgr.; William Warren, Nelson J. Tucker, regional v.p.'s-operations.

Directors: J. T. Church, Sam Ayoub, L. H. Harvin, III, R. H. Jenrette, R. G. Kittrell, Jr., D. C. Rose, Elizabeth C. Bacon, Ralph W. Ketner, Jack Edwards, George M. Harvin, Albert N. Whiting.

Business Activities: Operates a chain of discount stores in thirteen southeastern states.

Transfer Agent(s):

Wachovia Bank & Trust Co., N.A.
Winston-Salem, North Carolina

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RSTO (NASDAQ)

Number of Stores: (at fiscal year end)

1985	204	1982	238
1984	193	1981	234
1983	191		

Sales and Earnings

	Net Sales	Net Income
1985	$1,009,208,000	$ 20,322,000
1984	927,395,000	23,898,000
1983	829,286,000	21,886,000
1982	661,903,000	11,559,000
1981	594,759,762	8,241,658

	No. of Com. Shares #	Earn. per Share #
1985	10,264,668	$ 1.98
1984	10,265,514	2.33
1983	9,663,130	2.26
1982	9,493,065	1.22
1981	9,544,905	0.86

# Based on the weighted average number of shares outstanding adjusted to reflet stock splits.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1985	$0.38	—	—
1984	0.37	—	—
1983	0.27	—	3-for-2 & 3-for-1
1982	0.18	—	—
1981	0.18	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 160,828,000	$ 15.67
1984	144,130,000	14.04
1983	124,062,000	12.84
1982	89,725,000	9.45
1981	79,891,086	8.37

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended	1/29/86	1/30/85
Net sales	$1,009,208,000	$ 927,395,000
Cost of sales	778,282,000	709,624,000
Expenses	185,904,000	164,339,000
Prof. sh. plan	5,939,000	7,329,000
Interest expense	5,061,000	4,205,000
Income before taxes	$ 34,022,000	$ 41,898,000
Income taxes	13,700,000	18,000,000
Net Income	$ 20,322,000	$ 23,898,000

* Included in Costs and Expenses, Depreciation and Amortization: $14,046,000 in 1985 and $9,405,000 in 1984.

Assets

As of	1/29/86	1/30/85
Cash & cash equivalents	$ 5,546,000	$ 7,176,000
Accts. receiv., net	6,258,000	4,550,000
*Inventories	226,349,000	174,801,000
Def. inc. tax benefits	4,454,000	3,981,000
Other curr. assets	1,573,000	815,000
Current Assets	$ 233,088,000	$ 191,323,000
#Fixed assets	63,046,000	51,112,000
Other assets	359,000	493,000
Capitalized real estate leases	16,011,000	12,653,000
Total Assets	$ 312,504,000	$ 255,581,000

Liabilities

Long-term debt, curr.	$ 5,865,000	$ 1,653,000
Accts. payable	62,615,000	41,697,000
Prof. sh. plan	5,939,000	7,329,000
Accrued payroll	12,363,000	11,595,000
Income taxes	5,699,000	8,115,000
Other liabilities	12,931,000	12,386,000
Cap. lease oblig., curr.	3,639,000	2,165,000
Curr. Liabilities	$ 109,051,000	$ 84,940,000
Long-term debt	24,107,000	11,947,000
Deferred inc. taxes	3,835,000	2,595,000
Capital lease oblig.	14,683,000	11,969,000
+ Non-voting Class B stock	18,237,000	17,961,000
+ Common stock	2,250,000	2,250,000
Retained earnings	145,160,000	128,738,000
Treasury stock	(4,819,000)	(4,819,000)
Total Liabilities & Shareholders' Equity	$ 312,504,000	$ 255,581,000

* At cost (LIFO)
# Less accumulated depreciation and amortization.
+ $1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.37	4.52
%Net Income to Sales	2.01	2.58
%Net Income to Equity	12.64	16.58
Sales to Inventories	4.46	5.31
Debt to Equity	0.30	0.19
Working Capital	$124,037,000	$106,383,000
Current Ratio	2.14	2.25
Shareholders' Equity	$160,828,000	144,130,000

Ross Stores, Inc.

8333 Central Avenue
P.O. Box 728
Newark, California 94560
(415) 790-4400

Officers: Stuart G. Moldaw, chairman of the board; Donald E. Rowlett, president & chief exec. officer; Greggory L. Baldwin, exec. v.p.-operations; Norman A. Ferber, exec. v.p.-merchandising & distribution; Herbert F. Golden, sr. v.p.-corp. development & secretary; Richard Oppenheimer, sr. v.p. & chief financial officer; Michael J. Finn, v.p. & div. mdse. mgr.; David Goldman, v.p.-marketing; Peter Hart, v.p.-MIS; David H. Meckler, v.p.-real estate; David Morrison, v.p.-distribution; Michael E. Signorelli, v.p. & div. mdse. mgr.; J. Bernard Tillotson, v.p.-personnel; Richard A. Watson, v.p.-adm. services; Earl T. Benson, treasurer, asst. secretary & controller.

Directors: Stuart G. Moldaw, chairman; William K. Bowes, Jr., Dale F. Frey, Franklin P. Johnson, Jr., George P. Orban, Donald E. Rowlett, Donald H. Seiler, Stuart Turley.

Business Activities: Operates a chain of off-price retail stores offering brand-name fashion apparel, shoes, and bed and bath linens for the entire family.

Transfer Agent(s):

Bank of America
San Francisco, California

Ross Stores, Inc.

Stock Exchange(s): Over-the-Counter

Number of Stores: (at fiscal year end)

1986	107	1984	26
1985	66	1983	8

Sales and Earnings

	Net Sales	Net Income
1986	$ 375,945,000	$ 7,055,000
1985 ×	210,509,000	6,668,000
1984	75,988,000	307,000
1983*	13,517,000	(67,000)

	No. of Com. Shares ‡	Earn. per share ‡
1986	23,793,000	$ 0.30
1985 ×	18,836,000	0.35
1984	15,820,000	0.02
1983*	12,236,000	—

(Loss)
× 53 weeks.
* 6 months.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	3-for-2
1985	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$126,346,000	$ 5.31
1985	33,999,000 +	1.81
1984	8,001,000 +	0.51

+ After allowing for preferred stock at stated value.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account
(000's)

Year ended	2/1/86	2/2/85 (53 weeks)
Net sales	$ 375,945	$ 210,509
Sales of leased depts.	(9,277)	(16,683)
Other income	1,499	2,138
Total Income	$ 368,167	$ 195,964
Cost of sales	269,279	136,647
Expenses	78,960	45,702
Depreciation & amortization	5,627	2,747
Interest expense	3,387	2,525
Income before taxes	$ 10,914	$ 8,343
Income taxes	3,859	2,317
Cum. effect on change in accntng. method	—	(642)
Net Income	$ 7,055	$ 6,668

Assets
(000's)

As of	2/1/86	2/2/85
Cash	$ 2,842	$ 1,200
Accts. receiv., net	2,605	2,395
*Inventories	133,849	72,476
Dept. store opening exp.	5,302	3,425
Prepaid expenses	4,551	3,671
Current Assets	$ 149,149	$ 83,167
#Fixed assets	84,926	39,244
Lease rights	5,669	1,897
Other assets	2,137	1,500
Intangibles	4,919	240
Total Assets	$ 246,800	$ 126,048

Liabilities
(000's)

Notes payable	$ 17,329	$ —
Long-term debt, curr.	3,288	1,769
Accts. payable	54,472	39,490
Accruals	2,290	2,565
Accrued payroll	1,827	1,222
Income taxes	974	97
Curr. Liabilities	$ 80,180	$ 45,143
Long-term debt	34,587	31,304
Deferred inc. taxes	5,687	2,862
+ Preferred stock	—	12,740
+ + Common stock	257	27,091
Add. paid-in capital	112,126	-
Retained earnings	13,963	6,908
Total Liabilities & Shareholders' Equity	$ 246,800	$ 126,048

* At lower of cost or market determined under the unit cost method.
# Less accumulated depreciation and amortization.
+ No par value.
+ + $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.90	3.96
%Net Income to Sales	1.88	3.17
%Net Income to Equity	5.58	14.27
Sales to Inventories	2.81	2.90
Debt to Equity	0.44	0.71
Working Capital	$ 68,969,000	$38,024,000
Current Ratio	1.86	1.84
Shareholders' Equity	$126,346,000	$46,739,000

Ruddick Corporation

2000 First Union Plaza
Charlotte, North Carolina 28282
(704) 372-5404

Officers: R. Stuart Dickson, chairman of the board; Alan T. Dickson, president; Richard N. Brigden, v.p.-finance; Herman B. McManaway, v.p.; John L. Chanon, treasurer; D.B. Williford, asst. treasurer & secretary; James O. Stephens, asst. secretary; Mickey F. Frye, asst. treasurer.

Directors: R. Stuart Dickson, chairman; Alan T. Dickson, Thomas M. Belk, Hugh L. McColl, Jr., James E.S. Hynes, Roddey Dowd, Jord H. Jordan, Jr., George R. Smith, John C. Hutchens, E.C. Wall, Jr..

Business Activities: A holding company, operating supermarkets in North and South Carolina, Tennessee and Georgia through its subsidiary, Harris-Teeter Super Markets, Inc. The company also controls various manufacturing and distribution operations, and is involved in venture capital investments.

Subsidiaries:

Harris-Teeter Super Markets, Inc.
P.O. Box 33129
Charlotte, North Carolina 28233
(704) 567-3000

Operates 109 supermarkets in North and South Carolina, Georgia and Tennessee.

American & Efird Mills, Inc.
Mount Holly, North Carolina 28130
(704) 827-4311

Primarily a manufacturer of industrial sewing thread and also produces sales yarn. A & E operates 10 plants in North Carolina.

Jordan Graphics, Inc.
P.O. Box 668306
Charlotte, North Carolina 28266
(704) 394-2121

Producer and distributor of a broad line of business forms.

Ruddick Investment Company (RIC)
2000 First Union Plaza
Charlotte, North Carolina 28282
(704) 372-5404

Venture capital investments.

Transfer Agent(s):

Wachovia Bank & Trust Co., N.A.
Winston-Salem, North Carolina

Stock Exchange(s): American

Ticker Symbol: RDK

Number of Stores: (at fiscal year end)

1985	109	1983	70
1984	128	1982	69

Sales and Earnings

	Net Sales +	Net Income
1985	$ 881,841,000	$ 12,559,000
1984	730,060,000	13,221,000
1983	541,327,000	10,605,000
1982	521,759,000	9,113,000
1981	523,238,000	8,726,000

	No. of Com. Shares ‡	Earn. per Share ‡
1985	4,423,040	$ 2.60
1984	3,953,575	2.98
1983	3,444,435	2.64
1982	3,321,091	2.27
1981	2,442,537	2.17

+ Of continuing operations only.
‡ Based on the average number of shares outstanding.

Revenues By Line of Business
(000's)

	1985	1984
American & Efird Mills	$ 99,492	$ 106,432
Harris-Teeter Super Markets	741,727	587,080
Jordan Business Forms	40,622	36,548
Total	$ 881,841	$ 730,060

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.77	—	—
1984	0.86	—	—
1983	0.77	—	—
1982	0.69	—	—
1981	0.69	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share #
1985	$ 108,165,000	$ 24.45
1984	99,277,000	25.11
1983	75,881,000	22.03
1982	67,618,000	20.36
1981	60,643,000	24.83

‡ After allowing for preference stock at par values.
# Based on the average number of shares outstanding.

Income Account *

Year ended	9/29/85	10/30/84
Net sales	$ 881,841,000	$ 730,060,000
Cost of sales	699,109,000	575,722,000
Expenses	155,985,000	128,749,000
Interest expense	4,446,000	4,183,000
Earn. of unconsol. subsid.	(1,363,000)	(2,610,000)
Other expense	1,637,000	1,557,000
Income before taxes	$ 22,027,000	$ 22,459,000
Income taxes	9,468,000	9,238,000
Net Income	$ 12,559,000	$ 13,221,000

* Included in Costs and Expenses, Depreciation: $14,230,000 in 1985 and $11,101,000 in 1984.

Assets

As of	9/29/85	10/30/84
Cash	$ 5,308,000	$ 4,831,000
Accts. receiv., net	24,300,000	23,108,000
*Inventories	68,502,000	69,474,000
Other assets	3,013,000	4,149,000
Current Assets	$ 101,123,000	$ 101,562,000
#Fixed assets	120,970,000	110,878,000
Investments & other assets	15,637,000	14,874,000
Total Assets	$ 237,730,000	$ 227,314,000

Liabilities

Long-term debt, curr.	$ 5,231,000	$ 4,814,000
Oblig. under capital lease, curr.	790,000	698,000
Accts. payable	39,082,000	40,772,000
Income taxes	1,257,000	2,714,000
Accruals	17,861,000	20,327,000
Curr. Liabilities	$ 64,221,000	$ 69,325,000
Long-term debt	41,481,000	37,778,000
Oblig. under capital lease	3,396,000	3,924,000
Deferred inc. taxes	18,590,000	14,772,000
+ Preference stock	1,877,000	2,238,000
+ + Common stock	4,447,000	4,510,000
Add. paid-in capital	18,073,000	18,421,000
Retained earnings	85,645,000	76,721,000
Treasury stock	——	(375,000)
Total Liabilities & Shareholders Equity	$ 237,730,000	$ 227,314,000

* At lower of cost (LIFO & FIFO) or market.
# Less accumulated depreciation.
+ $5 par value.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.50	3.08
%Net Income to Sales	1.42	1.81
%Net Income to Equity	11.41	13.02
Sales to Inventories	12.87	10.51
Debt to Equity	0.46	0.47
Working Capital	$ 36,902,000	$ 32,237,000
Current Ratio	1.57	1.47
Shareholders' Equity	$110,042,000	$101,515,000

Safeway Stores, Incorporated

Fourth and Jackson Streets
Oakland, California 94660
(415) 891-3000

Officers: Peter A. Magowan, chairman and chief executive officer; James A. Rowland, president and chief operating officer; Edward N. Henney, exec. v.p.-supply operations; E. Richard Jones, exec. v.p.-information services & planning; Harry D. Sunderland, exec. v.p. & chief financial officer; John Bell, John S. Kimball, William H. Maloney, Donald J. Smith, William D. Lowe, group v.p.'s; Robert H. Kinnie, v.p. & chairman, president & chief exec. officer-Canada Safeway Limited; William M. Albers, sr. v.p.-distribution; Robert E. Bradford, sr. v.p.-public affairs; F.J. Dale, sr. v.p. & controller; Roderick W. Davis, sr. v.p.-management information systems; Philip G. Horton, sr. v.p.-real estate & engineering; John L. Morris, sr. v.p. & corporate economist; John L. Repass, sr. v.p.-human resources; Bernat Rosner, sr. v.p.-law, secretary & general counsel; Patrick S. Totman, sr. v.p.-finance.

Directors: John F. Bookout, William H. Webster, Brayton Wilbur, Jr., Percy Chubb, III, Mary Gardiner Jones, Harry D. Sunderland, James R. Harvey, Roger D. Lapham, Jr., James A. Rowland, Merrill L. Magowan, Edward N. Henney, C. Robert Kemp, Marjorie S. Kinney Thomas, Peter A. Magowan, Samuel H. Armacost, Peter C. Bawden, Steven Muller, John Sculley.

Business Activities: Operates a chain of supermarkets in the United States, Canada, and The United Kingdom.

Subsidiaries:

Canada Safeway Limited
Safeway Food Stores Limited (United Kingdom)
Empress Foods Limited (Canada)
Lucerne Foods Limited (Canada)
Johs. Esmarch's EFTF. A/S (Denmark)

Transfer Agent(s):

First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s):* New York, Pacific, Boston, Midwest, London.

* Listed and/or traded.

Ticker Symbol: SA

Number of Stores: (at fiscal year end)

1985	2,365	1982	2,454
1984	2,571	1981	2,477
1983	2,507		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1985	$ 19,650,542	$ 231,300
1984	19,642,201	185,011
1983	18,585,217	183,303
1982	17,632,821	159,660
1981	16,580,318	108,284

	No. of Com. Shares +	Earn. per Share #
1985	60,360,000	$ 3.83
1984	59,226,997	3.12
1983	56,163,014	3.26
1982	52,261,216	3.06
1981	52,231,834	2.07

+ Adjusted to reflect stock split.
# Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$1.625	—	—
1984	1.525	—	—
1983	1.425	—	2-for-1
1982	1.325	—	—
1981	1.30	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share †
1985	$ 1,622,614	$ 26.67
1984	1,469,023	24.54
1983	1,390,354	23.66
1982	1,137,095	21.74
1981	1,075,098	20.59

† Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	12/28/85	12/29/84
Net sales	$ 19,650,542	$ 19,642,201
Cost of sales	14,872,247	15,004,547
Expenses	4,350,635	4,214,443
Oper. profit	$ 427,660	$ 423,211
Other income	49,816	26,874
Gain on sale	49,046	—
Total	$ 526,522	$ 450,085
Interest expense	172,906	151,263
Income before taxes	$ 353,616	$ 298,822
Income taxes	122,316	113,811
Net Income	$ 231,300	$ 185,011

* Included in Costs and Expenses, Depreciation and Amortization: $333,398,000 in 1985 and $295,290,000 in 1984.

Assets
(000's)

As of	12/28/85	12/29/84
Cash	$ 224,614	$ 74,442
Receiv., net	111,870	105,166
*Inventories	1,565,566	1,563,244
Prepaid expenses	124,431	118,537
Current Assets	$ 2,026,481	$ 1,861,389
#Fixed assets	2,636,698	2,599,856
Other assets	177,432	75,984
Total Assets	$ 4,840,611	$ 4,537,229

Liabilities
(000's)

Notes payable	$ 80,848	$ 44,913
Long-term debt, curr.	52,049	48,274
Cap. lease oblig., curr.	43,396	45,427
Accts. payable and accruals	1,520,581	1,376,912
Income taxes	27,827	20,431
Curr. Liabilities	$ 1,724,701	$ 1,535,957
Long-term debt	689,470	646,532
Cap. lease oblig.	625,551	746,178
Accrued claims	178,275	139,539
+ Common stock	101,411	99,756
Add. paid-in capital	273,776	246,964
Cum. transl. adjust.	(164,035)	(155,994)
Retained earnings	1,411,462	1,278,297
Total Liabilities & Shareholders' Equity	$ 4,840,611	$ 4,537,229

* U.S. stores and warehouse finished goods and inventories of grocery items valued by retail inventory method on a LIFO basis. All other inventories at lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1.66⅔ par value.

Statistical Summary

%Income bef. Taxes to Sales	1.80	1.52
%Net Income to Sales	1.18	0.94
%Net Income to Equity	14.25	12.59
Sales to Inventories	12.55	12.57
Debt to Equity	0.92	1.04
Working Capital	$ 301,780,000	$ 325,432,000
Current Ratio	1.17	1.21
Shareholders' Equity	$1,622,614,000	$1,469,023,000

Sage-Allen & Co. Inc.

900 Main Street
Hartford, Connecticut 06103
(203) 278-2570

Officers: Lafayette Keeney, chairman of the board, chief executive officer & treasurer; Charles Allen Haine, president & chief operating officer; David R. Bonney, sr. v.p. and chief financial officer; Frank L. Toro, v.p.-operations; Michael T. Dorvin, sr. v.p. & gen. mdse. mgr.; Rebecca Gilbert, v.p.-personnel; Craig A. Fleming, v.p.-branch stores; Ronald Catania, v.p. & dir.-loss prevention; Harvey Syde, v.p.-credit operations; Norman G. Novak, v.p.-management info. systems; Allen Lynn Westphal, secretary.

Directors: Charles Allen Haine, Lafayette Keeney, Bertrand L. McTeague, Jane A. Merrick, S. Michael Schatz, William K. Walton, Allen Lynn Westphal, Ted J. Crew, David R. Bonney.

Business Activities: Operates a chain of specialty department stores principally in Connecticut.

Sage-Allen & Co. Inc.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SGAL (NASDAQ)

Number of Stores: (at fiscal year end)

1986	13	1983	12
1985	12	1982	14
1984	12		

Sales and Earnings

	Net Sales	Net Income
1986	$ 71,062,480	$ 1,572,849
1985	65,589,973	1,428,780
1984	61,686,587	1,705,157
1983	58,149,965	1,432,917
1982	56,857,645	801,577

	No. of Com. Shares +	Earn. per Share #
1986	1,009,190	$ 1.56
1985	1,010,345	1.41
1984	1,016,845	1.57
1983	1,097,954	1.31
1982	1,097,354	0.73

+ Adjusted to reflect stock split.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.37	—	—
1985	0.40	—	—
1984	0.33	—	3-for-2
1983	0.20	—	—
1982	0.20	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 16,315,590	$ 16.17
1985	15,137,983	14.98
1984	14,212,921	13.98
1983	13,598,158	12.38
1982	12,397,625	11.30

+ Adjusted to reflect stock split.

Income Account *

Year ended	2/1/86	2/2/85
Net sales	$ 71,062,480	$ 65,589,973
Cost of sales	42,219,003	39,014,659
Expenses	24,732,358	23,132,070
Interest expense	1,123,674	920,475
Other expense (income)	31,680	(74,722)
Income before taxes	$ 2,955,765	$ 2,597,491
Income taxes	1,382,916	1,168,711
Net Income	$ 1,572,849	$ 1,428,780

* Included in Costs and Expenses, Depreciation and Amortization: $1,246,765 in 1986 and $1,137,588 in 1985.

Assets

As of	2/1/86	2/2/85
Cash	$ 82,483	$ 168,069
Accts. receiv., net	13,782,993	11,905,211
*Inventories	8,703,462	8,341,063
Prepaid expenses	764,828	685,669
Current Assets	$ 23,333,766	$ 21,100,012
#Fixed assets	12,765,794	11,901,849
Other assets	125,951	79,959
Total Assets	$ 36,225,511	$ 33,081,820

Liabilities

Long-term debt, curr.	$ 893,518	$ 508,148
Notes payable	1,500,000	—
Accts. payable	4,019,175	4,025,562
Accruals	2,579,950	2,238,075
Income taxes	3,259,250	2,769,462
Curr. Liabilities	$ 12,251,893	$ 9,541,247
Long-term debt	6,489,344	7,382,862
Deferred inc. taxes	707,175	597,047
Other liabilities	461,509	422,681
+Common stock	113,496	113,496
Add. paid-in capital	1,305,151	1,305,151
Retained earnings	15,855,951	14,656,655
Treasury stock	(959,008)	(937,319)
Total Liabilities & Shareholders Equity	$ 36,225,511	$ 33,081,820

* At cost (LIFO).
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.16	3.96
%Net Income to Sales	2.21	2.18
%Net Income to Equity	9.64	9.44
Sales to Inventories	8.16	7.86
Debt to Equity	0.54	0.52
Working Capital	$11,081,873	$11,558,765
Current Ratio	1.90	2.21
Shareholders' Equity	$16,315,590	$15,137,983

Schaak Electronics, Inc.

1415 Mendota Heights Road
St. Paul, Minnesota 55120
(612) 454-6830

Officers: R.L. Schaak, chairman of the board & chief executive officer; Paul R. Ginther, president; Lawrence J.W. Castriotta, exec. v.p.; Towru Nagano, v.p.-corporate development; Bruce E. Yoder, asst. secretary & asst controller; Oleh Artym, v.p.; Joseph D. Osowski, v.p.-merchandising; Loren L. Berg, v.p.-retail operations; Robert P. Ziomek, sr. v.p.-finance; Joseph D. Osowski, v.p.-merchandising; James A. Coryea, II, controller; Thomas J. Campbell, secretary.

Directors: R.L. Schaak*, chairman; Paul R. Ginther, Galen M. Cadle*, Thomas Schreier*, Michael Scott*, Lawrence J.W. Castriotta.

*Member of the Executive Committee.

Business Activities: Primarily a retailer of personal computers and high fidelity sound equipment, serving its customers through fifty-four company owned retail sales centers and four licensees. In addition, the company wholesales high fidelity equipment to smaller dealers and manufactures a line of high fidelity speakers.

Subsidiary:

Federal Equity & Acceptance Corporation (unconsolidated)
St. Paul, Minnesota

Transfer Agent(s):

American National Bank and Trust Company
St. Paul, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SHAA (NASDAQ)

Number of Stores: (at fiscal year end)

1984	57	1981	51
1983	54	1980	39
1982	57		

Sales and Earnings

	Net Sales	Net Income
1984	$ 79,778,000	$ (327,000)
1983	65,273,000	(918,000)
1982	58,027,000	686,000
1981	49,303,000	621,000
1980	45,556,474	1,457,035

	No. of Com. Shares #	Earn. per Share #
1984	1,682,000	$ —
1983	1,679,000	—
1982	1,615,000	0.42
1981	1,454,000	0.43
1980	1,302,738	1.12

(Loss)
# Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1984	$ 9,977,000	$ 5.93
1983	10,290,000	6.13
1982	10,890,000	6.74
1981	10,119,000	6.96
1980	6,820,000	5.24

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended May 31	1984	1983
Net sales	$ 79,778,000	$ 65,273,000
Cost of sales	54,522,000	46,076,000
Expenses	25,448,000	20,312,000
Interest expense	914,000	755,000
Eq. in income of subsid.	(291,000)	(50,000)
Loss bef. taxes	$ (815,000)	$ (1,820,000)
Tax credit	(488,000)	(902,000)
Net Loss	$ (327,000)	$ (918,000)

* Included in Costs and Expenses, and Depreciation: $1,106,000 in 1984 and $995,000 in 1983.

Assets

As of May 31	1984	1983
Cash	$ 391,000	$ 761,000
Accts. receiv., net	2,069,000	1,794,000
Advances to finance subsidiary	156,000	18,000
*Inventories	19,436,000	17,589,000
Income taxes receivable	—	998,000
Prepaid expenses & other assets	153,000	211,000
Current Assets	$ 22,205,000	$ 21,371,000
Invest. in fin. subsid.	1,391,000	400,000
Long-term receivable	—	174,000
#Fixed assets	5,809,000	5,219,000
Total Assets	$ 29,405,000	$ 27,164,000

Liabilities

Long-term debt, curr.	$ 580,000	$ —
Accts. payable	8,017,000	8,533,000
Accrued payroll	749,000	466,000
Other liabilities	860,000	858,000
Curr. Liabilities	$ 10,206,000	$ 9,857,000
Long-term debt	8,820,000	6,100,000
Deferred inc. taxes	402,000	917,000
+Common stock	168,000	168,000
Add. paid-in capital	4,569,000	4,555,000
Retained earnings	5,240,000	5,567,000
Total Liabilities & Shareholders' Equity	$ 29,405,000	$ 27,164,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

Sales to Inventories	4.10	3.71
Working Capital	$11,999,000	$11,514,000
Current Ratio	2.18	2.17
Shareholders' Equity	$ 9,977,000	$10,290,000

Schultz Sav-O Stores, Inc.

2215 Union Avenue
Sheboygan, Wisconsin 53081
(414) 457-4433

Officers: Howard C. Dickelman, chairman of the board & chief exec. officer; James H. Dickelman, president & chief operating officer; J.D. Ison, sr. v.p. & dir.-corp. operations; Thomas Fox, v.p. & asst. dir.-retail operations; Oscar O. Ward, v.p. & dir.-meat merchandising; Frank D. Welch, v.p. & dir.-engineering; Robert A. Hobart, v.p. & dir.-mgmt. info. services; John H. Dahly, v.p.-finance and treasurer; Jacob A. Stroo, secretary.

Directors: Howard C. Dickelman*, James H. Dickelman*, Gerald G. Grube, Jacob A. Stroo, Bernard S. Kubale, J.D. Ison*, Thomas Fox, John H. Dahly*, Carl Luecke.

* Member of the Executive Committee.

Business Activities: Operates 40 corporate-owned Piggly Wiggly supermarkets and Sav-U stores in Wisconsin and Illinois and supplies 37 franchise stores in east-central Wisconsin. In addition to servicing this group, the Company also supplies dry groceries, fresh produce, dairy and meat products to approximately 100 independent retail food operations in Wisconsin.

Divisions:

Springtime Beverage Division

Transfer Agent(s):

First Interstate Trust Company of Wisconsin
Sheboygan, Wisconsin

Stock Exchange(s): Over-the-Counter

Number of Stores: (at fiscal year end)*

1985	40	1982	39
1984	38	1981	38
1983	39		

* Corporate-owned stores only.

Sales and Earnings

	Net Sales	Net Income
1985	$ 383,144,000	$ 1,527,000
1984	367,574,679	1,110,764
1983	368,813,385	1,109,805
1982	362,464,416	1,301,405
1981	336,705,923	1,331,160

	No. of Com. Shares ‡	Earn. per Share †
1985	351,806	$ 4.31
1984	350,817	3.18
1983	338,766	2.34
1982	551,068	2.35
1981	551,068	2.40

‡ Adjusted to reflect stock dividend.
† Based on the weighted average number of common shares outstanding during each year.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1985	$0.525	—	—
1984	0.50	—	—
1983	0.50	—	—
1982	0.50	—	—
1981	0.49	5%	—

‡ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1985	$ 10,695,000	$ 30.40
1984	9,348,421	26.65
1983	8,261,104	24.39
1982	12,068,949	21.90
1981	11,052,083	20.06

‡ After allowing for preferred stock at par value of $100 per share.
† Adjusted to reflect stock dividend.

Income Account *

Year ended	12/28/85	12/29/84
Net sales	$ 383,144,000	$ 367,574,679
Cost of sales	373,178,000	360,592,614
Expenses	6,012,000	4,334,661
Interest expense	1,645,000	1,472,700
Other income	(678,000)	(640,060)
Income before taxes	$ 2,987,000	$ 1,814,764
Income taxes	1,460,000	704,000
Net Income	$ 1,527,000	$ 1,110,764

* Included in Costs and Expenses, Depreciation and Amortization: $3,118,000 in 1985 and $2,933,055 in 1984.

Assets

As of	12/28/85	12/29/84
Cash	$ 1,950,000	$ 1,692,837
Accts. receiv., net	3,584,000	3,064,154
*Inventories	16,116,000	15,033,060
Prepaid expenses	349,000	324,236
Receiv. under capital sublease agrmts . curr.	285,000	279,367
Current Assets	$ 22,284,000	$ 20,393,654
Investments & other assets	1,920,000	2,057,716
#Fixed assets	14,491,000	13,634,583
Receiv. under capital sublease agrmts.	3,019,000	3,030,149
Leased property	3,667,000	3,057,389
Total Assets	$ 45,381,000	$ 42,173,491

Liabilities

Long-term debt, curr.	$ 823,000	$ 782,086
Accts. payable	13,120,000	12,733,001
Accruals	3,668,000	3,312,379
Reserve for income taxes	297,000	91,035
Oblig. under capital lease, curr.	965,000	892,751
Curr. Liabilities	$ 18,873,000	$ 17,811,252
Long-term debt	6,967,000	6,790,464
Oblig. under capital lease	6,876,000	6,353,323
Deferred inc. taxes	1,670,000	1,570,031
+ Preferred stock	300,000	300,000
+ + Common stock	352,000	350,817
Add. paid-in capital	1,946,000	1,933,645
Retained earnings	8,397,000	7,063,959
Total Liabilities & Shareholders' Equity	$ 45,381,000	$ 42,173,491

* At cost which is not in excess of market.
# Less accumulated depreciation and unamortized investment credit.
+ $100 par value.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.76	0.49
%Net Income to Sales	0.39	0.30
%Net Income to Equity	15.83	11.51
Sales to Inventories	24.39	24.45
Debt to Equity	1.62	1.54
Working Capital	$3,411,000	$2,582,402
Current Ratio	1.18	1.14
Shareholders' Equity	$9,648,000	$9,648,421

SCOA Industries Inc.

(On December 10, 1985, the Company became privately held through a leveraged buyout.)

15 Dan Road
Canton, Massachusetts 02021
(617) 821-1000

Officers: Herbert H. Goldberger, chairman of the board; George R. Friese, vice-chairman; Stephen A. Goldberger, president; Raymond Brinkman, v.p.; John C. Brouillard, v.p.-finance; Stephen A. Feldman, v.p. & treasurer; William K. Friend, v.p. & secretary; Eugene O'Donnell, v.p.; John G. Reen, v.p. & controller; Andrew J. Samuto, v.p.-human resources; Larry Voelker, v.p.

Directors: Herbert H. Goldberger, chairman; George R. Friese, Stephen A. Goldberger, Dean C. Kehler, Thomas H. Lee.

Business Activities: Operates company-owned family shoe stores principally under the Gallenkamp name; also operates leased shoe departments. Operates 125 Hills Department Stores located in eleven Eastern and Midwestern states. The Dry Goods division operates seven department stores in Delaware, Pennsylvania and New Jersey. Rudnick operates leased domestic goods departments.

Divisions and Subsidiaries:

Retail Footwear Division
Columbus, Ohio

Hills Department Stores
Canton, Massachusetts

The Dry Goods Division
Aston, Pennsylvania

Rudnick & Sons, Inc.
Hamden, Connecticut

Number of Stores: (at fiscal year end)

	Shoe Stores & Depts.	Dept. Stores	Domestics Depts.
1986	630	132	128
1985	627	129	123
1984	749	122	119
1983	707	104	102
1982	705	97	96

Sales and Earnings

	Net Sales	Net Income †
1986	$1,320,040,000	$ 23,150,000
1985	1,423,613,000	41,027,000
1984	1,304,579,000	41,812,000
1983	1,155,051,000	36,084,000
1982	1,057,573,000	32,109,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	16,600,723	$ 1.39
1985	17,111,128	2.40
1984	18,818,203	2.22
1983	18,770,749	1.92
1982	18,770,749	1.73

† Including extraordinary loss of $7,771,000 ($0.43 per share) in 1986.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock spiits.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	$0.76	—	—
1985	0.74	—	—
1984	0.62	—	5-for-4
1983	0.52	—	—
1982	0.46	—	3-for-2 & 5-for-4

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ (11,107,000)	$ —
1985	178,652,000	10.44
1984	205,287,000	10.91
1983	173,797,000	9.26
1982	147,301,000	7.85

(Deficiency)
† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	1/25/86	1/26/85
Net sales	$ 1,320,040	$ 1,423,613
Cost of sales	907,711	971,465
Expenses	348,624	367,388
Interest income	(7,165)	(9,975)
Other expense (income)	(1,224)	1,976
Interest expense	14,798	17,349
Income before taxes	$ 57,296	$ 75,410
Income taxes	26,375	34,383
Net Income	$ 30,921	$ 41,027
Extraordinary loss	(7,771)	—
Net Income & extraord. loss	$ 23,150	$ 41,027

* Included in Costs & Expenses, Depreciation and Amortization: $15,808,000 in 1986 and $16,636,000 in 1985.

Assets
(000's)

As of	1/25/86	1/26/85
Cash & marketable securities	$ 8,739	$ 145,598
Receiv., net	7,780	9,241
Receivables from pension plan	36,400	—
*Inventories	173,560	165,575
Assets held for disposal	50,565	—
Other curr. assets	189	8,174
Current Assets	$ 277,233	$ 328,588
#Fixed assets	97,380	98,146
Leased prop. under cap. leases	135,978	76,257
Operating lease rights	78,828	—
Other assets	24,975	2,574
Goodwill	148,051	—
Total Assets	$ 762,445	$ 505,565

Liabilities
(000's)

	1/25/86	1/26/85
Long-term debt, curr.	$ 1,146	$ 3,060
Oblig. under cap. leases, curr.	2,170	2,218
Accts. payable & accruals	144,526	136,417
Dividends payable	—	3,110
Income taxes	31,516	17,161
Curr. Liabilities	$ 179,358	$ 161,966
Long-term debt	297,003	69,368
Oblig. under cap. leases	87,080	88,702
Other liabilities	9,552	6,877
Redeem. pref. stock	200,559	—
+Common stock	10	18,948
Add. paid-in capital	9,990	3,821
Retained earn. (deficit)	(19,340)	216,498
Treasury stock	—	(56,844)
Unamortized value of restricted stock	(1,767)	(3,771)
Total Liabilities & Shareholders' Equity	$ 762,445	$ 505,565

* At lower of cost (LIFO) or market.
# Less accumulated depreciation & amortization.
+ $1 par value.

Statistical Summary

	1/25/86	1/26/85
%Income bef. Taxes to Sales	4.34	5.30
%Net Income to Sales	2.34	2.88
%Net Income to Equity	—	22.96
Sales to Inventories	7.61	8.60
Debt to Equity	—	0.42
Working Capital	$ 97,875,000	$166,622,000
Current Ratio	1.55	2.03
Shareholders' Equity (Deficiency)	$(11,107,000)	$178,652,000

Scotty's, Inc.

5300 North Recker Highway
Winter Haven, Florida 33880
(813) 299-1111

Mailing address:

P.O. Box 939
Winter Haven, Florida 33880

Officers: James W. Sweet, chairman of the board and chief executive officer; Ray H. Cooney, vice chairman; Dennis W. Stults, president & chief operating officer; Harold W. Taylor, sr. v.p., secretary & chief financial officer; Hugh Tuttle, v.p. & sr. regional mgr.; Dan Maffett, v.p. & general sales mgr.; James E. Howe, v.p.-employee relations; Richard W. Martineau, v.p., treasurer & controller; Owen Fender, v.p. & credit manager; James Church, v.p.-mgmt. info. services; Orbin Sexson, v.p.-warehousing; Kevin Fitzgerald, v.p.-purchasing; Robert Cawein, v.p.-transportation; David J. Bryant, v.p.-sales promotion manager; William J. Sauder, v.p.-manufacturing.

Directors: James W. Sweet, chairman; Ray H. Cooney, Dennis W. Stults, Harold W. Taylor, Rolland A. Maxwell, John B. Ellis, Francois Vaxelaire, Sherwin P. Simmons, John M. Miller, P. Scott Linder.

Business Activities: Operates a chain of building supply stores in the state of Florida. Stores operate under the name "Scotty's", "Scotty's Hardware," and "Scotty's Factory Outlet Warehouse."

Subsidiaries:

Plaid Realty, Inc.
P.O. Box 939
Winter Haven, Florida 33880

Transfer Agent(s):

Morgan Guaranty Trust Company
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: SHB

Number of Stores: (at fiscal year end)

1985	116	1982	99
1984	110	1981	83
1983	102		

Sales and Earnings

	Net Sales	Net Income
1985	$ 453,444,000	$ 17,507,000
1984	424,537,000	18,059,000
1983	358,982,000	11,316,000
1982*	308,013,000	11,095,000
1981	294,433,000	11,081,000

	No. of Com. Shares †	Earn. per Share ‡
1985	14,337,000	$ 1.29
1984	13,243,000	1.39
1983	11,902,000	0.98
1982*	9,787,500	1.06
1981	9,559,500	1.15

* 53 weeks.
† Adjusted to reflect stock splits.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.52	—	—
1984	0.44	—	—
1983	0.40	—	3-for-2
1982	0.37	—	5-for-4
1981	0.29	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 160,909,000	$ 11.22
1984	139,930,000	10.57
1983	112,264,000	9.43
1982	73,638,000	7.52
1981	64,102,000	6.71

‡ Adjusted to reflect stock splits.

Income Account

Year ended	6/29/85	6/30/84
Net sales	$ 453,444,000	$ 424,537,000
Cost of sales	312,237,000	289,788,000
Expenses	103,646,000	96,496,000
Depreciation	8,415,000	6,832,000
Interest expense	1,540,000	2,530,000
Non-operating income	(1,934,000)	(3,328,000)
Income before taxes	$ 29,540,000	$ 32,219,000
Income taxes	12,033,000	14,160,000
Net Income	$ 17,507,000	$ 18,059,000

Assets

As of	6/29/85	6/30/84
Cash & cash equiv.	$ 2,956,000	$ 8,111,000
Marketable securities	9,495,000	12,761,000
Accts. receiv., net	17,594,000	18,862,000
*Inventories	88,623,000	69,791,000
Current Assets	$ 118,668,000	$ 109,525,0000
#Fixed assets	113,523,000	87,231,000
Other assets	5,491,000	453,000
Total Assets	$ 237,682,000	$ 197,209,000

Liabilities

	6/29/85	6/30/84
Short-term borrowings	$ 13,425,000	$ 1,000
Long-term debt, curr.	2,904,000	2,603,000
Accts. payable & accruals	40,580,000	32,737,000
Income taxes	642,000	3,445,000
Curr. Liabilities	$ 57,551,000	$ 38,786,000
Long-term debt	15,247,000	16,083,000
Deferred income taxes	3,975,000	2,410,000
+Common stock	14,337,000	13,243,000
Add. paid-in capital	63,704,000	54,291,000
Retained earnings	82,868,000	72,396,000
Total Liabilities & Shareholders' Equity	$ 237,682,000	$ 197,209,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

	6/29/85	6/30/84
%Income bef. Taxes to Sales	6.51	7.59
%Net Income to Sales	3.86	4.25
%Net Income to Equity	10.88	12.91
Sales to Inventories	5.12	6.08
Debt to Equity	0.20	0.13
Working Capital	$ 61,117,000	$ 70,739,000
Current Ratio	2.06	2.82
Shareholders' Equity	$160,909,000	$139,930,000

Sears Canada Inc.

(formerly Simpsons-Sears Limited)
(60.5% interest owned by Sears, Roebuck and Co.)

222 Jarvis Street
Toronto, Ontario, Canada M5B 2B8
(416) 362-1711

Officers: C. Richard Sharpe, chairman of the board & chief exec. officer; G. Joseph Reddington, president & chief operating officer; Maurice F. Anderson, v.p.-info. systems; Harold J. Mandel, v.p.-real estate & facilities; Neil M. Whitmore, v.p.-

distribution; J.J. Michael Eagan, v.p., secretary & corp. counsel; Frank R. Hammond, v.p.-field sales operations; Thomas Morris, v.p.-merchandising; Walter G. Pridham, v.p.-public affairs & corporate planning; Leslie Visosky, v.p.-personnel; Larry Ginther, v.p.-finance & treasurer; Bruce W. McLaren, corp. comptroller.

Directors: J.C. Barrow, M.F. Belanger, R.J. Collins-Wright, H. Corrigan, W.A. Dimma, M.E. Jones, A.H. Mingay, A. Powis, G. Joseph Reddington, C.R. Sharpe, J.M. Tory, W.P. Wilder, James W. Button, W.I. Bass, J.H. Batogowski, M. Bozic, J.P. Galloway.

Business Activities: Operates 75 retail department stores, and 1,431 catalogue sales units in Canada.

Transfer Agent(s):

The Royal Trust Company
Toronto, Ontario
Montreal, Quebec
Calgary, Alberta

Stock Exchange(s): Toronto, Montreal

Ticker Symbol: SSRT, SSRM

Number of Stores: (at fiscal year end)

1985	75	1982	72
1984	74	1981	70
1983	73		

Sales and Earnings

	Net Sales (000's)	Net Income ‡ (000's)
12/31/85	$ 3,789,214	$ 87,225
12/31/84	3,652,320	37,316
12/31/83†	3,502,068	34,586
12/31/82†	3,126,186	26,667
2/3/82	3,129,625	31,937

	No. of Com. Shares	Earn. per Share #‡
12/31/85	87,327,913	$ 1.00
12/31/84	87,306,983	0.43
12/31/83†	87,306,983	0.40
12/31/82†	87,306,983	0.31
2/3/82	87,306,983	0.37

† Unaudited, 52 weeks.
‡ Including extraordinary gain of $11,745,000 ($0.14 per share) in 1985.
# Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
12/31/85	$0.20	—	—
12/31/84	0.20	—	—
12/31/83	0.20	—	—
12/31/82	0.20	—	—
2/3/82	0.32	—	—

Common Stock Equity

	Total Equity	Equity Per Share
12/31/85	$ 703,383,000	$ 8.05
12/31/84	633,458,000	7.26
12/31/83	613,603,000	7.03
12/31/82	596,478,000	6.83
2/3/82	574,783,000	6.58

Income Account
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 3,789,214	$ 3,652,320
Cost of sales & exp.	3,465,941	3,416,743
Depreciation	36,514	33,622
Interest expense	131,255	128,896
Misc. taxes	39,008	37,252
Income before taxes	$ 116,496	$ 35,807
Income taxes	51,900	8,448
Eq. in earn. of assoc. cos.	(10,884)	(9,957)
Net Income	$ 75,480	$ 37,316
Extraord. gain	11,745	—
Net Income & extraord. gain	$ 87,225	$ 37,316

Assets
(000's)

As of Dec. 31	1985	1984
Cash	$ 6,057	$ 9,611
Accts. receiv., net	1,122,493	978,492
*Inventories	666,928	613,982
Prepaid expenses	80,416	83,596
Current Assets	$ 1,875,894	$ 1,685,681
Investments & other assets	70,737	66,044
#Fixed assets	376,636	357,372
Unamort. exp.	8,845	16,547
Total Assets	$ 2,332,112	$ 2,125,644

Liabilities
(000's)

Notes payable	$ 274,534	$ 306,522
Long-term debt, curr.	46,548	28,530
Accts. payable	195,261	134,598
Accruals	147,755	138,279
Income & other taxes	88,265	62,211
Curr. Liabilities	$ 752,363	$ 670,140
Long-term debt	848,599	805,713
Deferred inc. taxes	27,767	16,333
+ Capital stock	271,388	271,225
Retained earnings	431,995	362,233
Total Liabilities & Shareholders' Equity	$ 2,332,112	$ 2,125,644

* At lower of approximate cost or net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	3.07	0.98
%Net Income to Sales	2.30	1.02
%Net Income to Equity	12.40	5.89
Sales to Inventories	5.68	5.95
Debt to Equity	1.66	1.80
Working Capital	$1,123,531,000	$1,015,541,000
Current Ratio	2.49	2.52
Shareholders' Equity	$ 703,383,000	$. 33,458,000

Sears, Roebuck and Co.

Sears Tower
Chicago, Illinois 60684
(312) 875-2500

Officers: Edward A. Brennan, chairman of the board & chief exec. officer; Richard M. Jones, president & chief financial officer; Henry D. Sunderland, sr. v.p.-corporate administration; Randolf H. Aires, v.p.-governmental affairs; William E. Sanders, v.p.-corporate personnel & employee relations; Robert F. Gurnee, v.p. & treasurer; Charles J. Ruder, v.p.-corporate public affairs; Charles W. Harper, v.p. & secretary; Philip M. Knox, Jr., v.p. & corporate general counsel; Allan B. Stewart, v.p.-corporate planning; David P. Norum, v.p.-taxes; John S. Vivian, v.p. & corporate comptroller.

Directors: Edward R. Telling*, William O. Beers*; Edward A. Brennan*, Donald F. Craib, Jr.*, E. Mandell de Windt, Richard M. Jones*, Sybil Collins Mobley, Norma Pace, Nancy C. Reynolds, William I. Bass*, Clarence B. Rogers, Jr., Julius Rosenwald, II*, Donald H. Rumsfeld*, Edgar B. Stern, Jr.*, Robert M. Gardiner*, Warren L. Batts.

* Member of the Executive Committee.

Areas of Work: The world's largest retailer of general merchandise. Sears distributes broad lines of its own brand name goods through some 2,361 selling locations (including 1,439 independent catalog merchants) located in 50 states, Puerto Rico and Central America. The Company also operates 799 general merchandise retail stores, and 226 specialty stores, including surplus stores, business systems centers and paint and hardware stores. Sears is also engaged in the property-liability and life insurance businesses through the wholly owned Allstate Enterprises, Inc. which is engaged in auto finance, savings and loan, and other businesses. Provides a full-service real estate network through its Coldwell Banker Real Estate Group. The Dean Witter Financial Services Group conducts investment and other financial service activities. Sears has a 60.5% ownership position in Sears Canada Inc., which conducts a retail store and catalog order business in Canada.

Major Divisions:

Dean Witter Financial Services Group
Coldwell Banker Real Estate Group
Allstate Insurance Group
Sears Merchandise Group
Sears World Trade, Inc.

Major Subsidiary:

Sears Canada Inc. (60.5% owned)
Toronto, Ontario, Canada

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
Stock Transfer Department
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York, Midwest, Pacific, London, Basel, Geneva, Lausanne, Zurich, Amsterdam, Tokyo, Paris, Frankfurt

Ticker Symbol: S

Number of Stores: (at fiscal year end)*

1985	799	1982	851
1984	798	1981	854
1983	831		

*Excludes specialty stores.

Sales and Earnings

	Revenues (000's)	Net Income (000's)
1985	$ 40,715,000	$ 1,303,000
1984	38,828,000	1,455,000
1983	35,883,000	1,342,000
1982	30,020,000	861,000
1981	27,357,000	650,000

	No. of Com. Shares †	Earn. per Share †
1985	363,000,000	$ 3.53
1984	358,000,000	4.01
1983	353,000,000	3.80
1982	350,000,000	2.46
1981	316,000,000	2.06

† Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.76	—	—
1984	1.76	—	—
1983	1.52	—	—
1982	1.36	—	—
1981	1.36	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1985	$ 11,544,000‡	$ 31.71
1984	10,661,000‡	29.48
1983	9,787,000	27.60
1982	8,812,000	25.08
1981	8,269,000	23.77

‡ After allowing for preferred stock at a liquidation preference of $100 per share.

Sears, Roebuck and Co.

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Merchandise Group:		
Merchandising	$ 21,549,000	$ 21,671,000
Credit	2,098,000	1,894,000
International	2,905,000	2,943,000
Total Merch. Group	$ 26,552,000	$ 26,508,000
Allstate Group	10,379,000	8,989,000
Coldwell Banker Real Estate Group	949,000	826,000
Sears World Trade	2,857,000	2,496,000
Dean Witter Fin. Serv. Group	236,000	189,000
Corporate and intergroup trans.	(258,000)	(180,000)
Total revenues	$ 40,715,000	$ 38,828,000
Costs & expenses	36,844,000	34,752,000
Interest expense	2,627,000	2,523,000
Realized cap. gains	(410,000)	(349,000)
Income before taxes	$ 1,654,000	$ 1,902,000
Income taxes	324,000	458,000
Minority interest	27,000	(11,000)
Net Income	$ 1,303,000	$ 1,455,000

* Included in Costs and Expenses. Depreciation: $444,800,000 in 1985 and $412,400,000 in 1984.

Assets
(000's)

As of Jan 31	1985	1984
Receivables	$ 18,662,800	$ 17,321,200
Investments	19,527,600	17,447,300
#Fixed Assets	4,541,300	4,360,800
*Inventories	4,115,200	4,530,000
Cash & invested cash	2,357,200	1,765,000
Securities purch. under agree. to resell	10,655,300	7,115,900
Trading account securities owned	3,764,400	2,240,700
Other assets	2,793,100	2,291,600
Total Assets	$ 66,416,900	$ 57,072,500

Liabilities
(000's)

	1985	1984
Reserve for insur. claim	$ 8,053,600	$ 6,905,800
Short-term borrowings	3,996,000	3,887,300
Long-term debt	9,906,600	9,531,300
Sav. accts. & advances	5,278,800	5,027,400
Unearned revenue	3,560,300	3,133,800
Accts. pay. & other liab.	5,576,200	4,914,300
Securities sold under repurch. agree.	12,022,900	6,527,700
Deferred inc. taxes	2,341,600	2,197,800
Pay. to brokerage clients	2,633,500	1,650,000
Unpurch. securities	1,253,800	2,386,200
+ Preferred stock	250,000	250,000
+ + Common stock	277,400	276,100
Add. paid-in capital	1,489,700	1,430,900
Retained earnings	9,681,400	9,038,600
Treasury stock	(106,200)	(119,300)
Unreal. cap. gains on eq. sec.	336,100	152,300
Cum. trans. adjust.	(134,800)	(117,700)
Total Liabilities & Shareholders' Equity	$ 66,416,900	$ 57,072,500

# Less accumulated depreciation.

* At lower of cost (LIFO) or market. Foreign inventories at FIFO.

+ $1 par value.

+ + $0.75 par value.

Statistical Summary

	1985	1984
%Income bef. Taxes to Revenues	4.06	4.90
%Net Income to Revenues	3.20	3.75
%Net Income to Equity	11.05	13.34
Debt to Equity	1.18	0.87
Shareholders' Equity	$11,793,600,000	$10,910,900,000

Seaway Food Town, Inc.

1020 Ford Street
Maumee, Ohio 43537
(419) 893-9401

Officers: Wallace D. Iott, president; Waldo E. Yeager, sr. v.p.-finance & treasurer; David J. Walrod, sr. v.p.-operations; Richard B. Iott, sr. v.p.-merchandising; David A. Katz, secretary.

Directors: Wallace D. Iott, chairman; Paul Pope, Richard G. Heydt, Thomas M. O'Donnell, Robert J. Kirk, Edwin Z. Singer, Frank D. Instone, David A. Katz.

Business Activities: Operates a chain of food stores located in northwest and central Ohio and southeast Michigan under the names Food Town Supermarkets and Kash 'N Karry.

Subsidiaries:

Northern Distributing Co.
V.F., Inc.
Gruber's Food Town, Inc.
Tracy & Avery Food Town, Inc.
Fjord Properties, Inc.
Second Fjord Properties, Inc.
Third Fjord Properties, Inc.
Third Fjord Properties Community Urban Redevelopment Corporation
Fifth Fjord Properties, Inc.
Fifth Fjord Properties of Ohio, Inc.
Seaway Properties, Inc.

All at:
1020 Ford Street
Maumee, Ohio 43537
(419) 893-9401

Balduf Bakery Division
915 Kingsbury Street
Maumee, Ohio 43537

Buckeye Specialties Division
2145 Tedrow Street
Toledo, Ohio 43614

Valley Farms Foods
Maumee, Ohio

Transfer Agent(s):

First National Bank of Toledo
Toledo, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SEWY (NASDAQ)

Number of Stores: (at fiscal year end)

1985	73	1982	73
1984	73	1981	70
1983	73		

Sales and Earnings

	Net Sales	Net Income
1985	$ 431,144,000	$ 3,663,000
1984*	466,020,000	1,691,000
1983	472,323,000	3,431,000
1982	455,446,000	4,049,000
1981	428,510,000	5,203,000

	No. of Com. Shares	Earn. per Share #
1985	1,841,065	$ 1.99
1984*	2,185,063	0.77
1983	2,177,476	1.58
1982	2,191,158	1.85
1981	2,193,859	2.37

* 53 weeks.

# Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1985	$0.68	—	—
1984	0.68	—	—
1983	0.64	—	—
1982	0.60	—	—
1981	0.54	—	4-for-3

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1985	$ 33,569,000	$ 18.23
1984	37,465,000	17.15
1983	38,026,000	17.46
1982	35,903,000	16.39
1981	33,467,000	15.20

# Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended	9/28/85	9/29/84
Net sales	$ 431,144,000	$ 466,020,000
Cost of sales	325,265,000	361,940,000
Expenses	97,540,000	99,921,000
Other income	(2,114,000)	(2,191,000)
Interest expense	3,930,000	4,034,000
Income before taxes	$ 6,523,000	$ 2,316,000
Income taxes	2,860,000	625,000
Net Income	$ 3,663,000	$ 1,691,000

* Included in Costs and Expenses. Depreciation and Amortization: $8,647,000 in 1985 and $8,631,000 in 1984.

Assets

As of	9/28/85	9/29/84
Cash	$ 6,255,000	$ 6,255,000
Marketable secur.	3,000,000	7,600,000
Accts. & notes receiv., net	2,045,000	2,426,000
*Inventories	32,090,000	27,061,000
Prepaid expenses	2,561,000	1,770,000
Current Assets	$ 45,951,000	$ 45,112,000
Other assets	3,476,000	3,950,000
#Fixed assets	61,674,000	64,820,000
Total Assets	$ 111,101,000	$ 113,882,000

Liabilities

	9/28/85	9/29/84
Long-term debt, curr.	$ 1,885,000	$ 1,729,000
Accts. payable	27,041,000	25,949,000
Accruals	6,212,000	5,903,000
Income taxes	1,321,000	1,072,000
Curr. Liabilities	$ 36,459,000	$ 34,653,000
Long-term debt	35,546,000	36,930,000
Deferred inc. taxes	5,527,000	4,834,000
+ Common stock	3,497,000	4,268,000
Add. paid-in capital	1,285,000	1,025,000
Retained earnings	28,787,000	32,172,000
Total Liabilities & Shareholders' Equity	$ 111,101,000	$ 113,882,000

* Meat and produce inventories at lower of cost (FIFO) or market; other inventories at lower of cost (LIFO) or market.

# Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary

	9/28/85	9/29/84
%Income bef. Taxes to Sales	1.51	0.49
%Net Income to Sales	0.85	0.36
%Net Income to Equity	10.91	4.51
Sales to Inventories	13.44	17.22
Debt to Equity	1.12	0.99
Working Capital	$ 9,492,000	$10,459,000
Current Ratio	1.26	1.30
Shareholders' Equity	$33,569,000	$37,465,000

Seligman & Latz, Inc.

(Became a privately held corporation December 4, 1985.)

1133 Sixth Avenue
New York, New York 10036
(212) 397-6700

Officers: John S. Kubie, chairman of the board & chief exec. officer; Malcolm A. Seligman, vice chairman; Richard W. Hart, president & chief operating officer; Irving M. Hird, sr. exec. v.p. & treasurer; Stephen L. Singer, sr. exec. v.p., president & chief exec. officer-Finlay Fine Jewelry; Arthur E. Fabricant, exec. v.p. & managing director-International; Richard L. Muney, exec. v.p.-Finlay Fine Jewelry; David W. Smith, exec. v.p., president & chief exec. officer-Domestic Salons; Amy S. Tenney, secretary & general counsel; Adrien Arpel, director-Fashion, Beauty & Cosmetic Services, president-Adrien Arpel Cosmetics & Facial Services; Donovan H. Larsen, sr. v.p., exec. v.p.-Finlay Fine Jewelry; Norman Potash, exec. v.p. & controller; Richard Salzer, sr. v.p.; Jules D. Walder, sr. v.p., exec. v.p.-Domestic Salons; Kenneth Beer, v.p.-information systems; Joan Breibart, Howard F. Schiller, v.p.'s; Allan Corn, v.p., controller-Finlay Fine Jewelry; Alan D. Jaffee, v.p., sr. v.p.-Domestic Salons; Donald A. Kubie, Jr., v.p., sr. v.p.-Domestic Salons; Jane Holcomb, v.p.-payroll; Jeffrey Glassman, v.p., controller-Domestic Salons; Kermit Marcus, v.p.-taxes; Robert Casaletto, asst. treasurer.

Directors: John S. Kubie, Malcolm A. Seligman, Irving M. Hird, Arthur E. Fabricant, Stephen R. Frank, Walter Mendelsohn, Irwin W. Smith, Alan M. Sternlieb, Jane Trahey, Barbara Latz Unger, David W. Smith.

Business Activities: Operates leased fine jewelry departments; distributes and retails beauty and skin care products and services; operates beauty salons in department stores in the United States and throughout the world.

Divisions:

Beauty Division

Adrien Arpel
666 Fifth Avenue
New York, New York 10103
(212) 887-9700

Operates beauty salons in department stores plus Adrien Arpel skin care clinics and boutiques in the U.S. and 8 foreign countries.

Finlay Fine Jewelry Division
521 Fifth Avenue
New York, New York 10017
(212) 551-8300

Number of Leased Jewelry Depts: (at fiscal year end)

1984	460	1981	440
1983	N.A.	1980	406
1982	N.A.		

N.A. - Not Available.

Sales and Earnings

	Revenues	Net Income
1984	$ 342,110,000	$ (2,190,000)
1983	323,702,000	5,450,000
1982	304,007,000	1,671,000
1981	293,677,000	1,109,000
1980	268,064,000	1,620,000

	No. of Com. Shares	Earn. per Share #
1984	2,177,624	$ —
1983	2,160,256	2.53
1982	2,157,386	0.77
1981	2,156,240	0.51
1980	2,156,240	0.75

(Loss)
# Based on weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1984	$0.30	—	—
1983	0.60	—	—
1982	0.60	—	—
1981	0.90	—	—
1980	0.90	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1984	$ 33,409,000	$ 15.34
1983	36,668,000	16.97
1982	33,103,000	15.34
1981	32,712,000	15.17

Income Account *
(000's)

Year ended Oct. 31	1984	1983
Revenues	$ 342,110	$ 323,702
Cost of sales & services	270,669	249,042
Expenses	69,300	61,680
Other charges	5,431	2,630
Income (loss) before taxes	$ (3,290)	$ 10,350
Income taxes (credit)	(1,100)	4,900
Net Income (Loss)	$ (2,190)	$ 5,450

* Included in Costs and Expenses, Depreciation and Amortization: $6,168,000 in 1984 and $5,409,000 in 1983.

Assets
(000's)

As of Oct. 31	1984	1983
Cash	$ 4,414	$ 4,235
Receiv., net	17,256	19,001
Accounts receiv., net	919	1,405
Other receivables	2,945	1,004
*Inventories	34,648	34,790
Prepaid expenses & other curr. assets	2,649	3,129
Deferred inc. taxes	69	1,425
Current Assets	$ 62,900	$ 64,989
#Fixed assets	35,523	32,515
Defer. charges & other assets	2,676	1,816
Intangibles	4,804	4,806
Total Assets	$ 105,903	$ 104,126

Liabilities
(000's)

	1984	1983
Short-term notes payable	$ 19,000	$ 3,000
Long-term debt, curr.	4,056	4,408
Accts. payable	17,885	18,651
Accruals	12,730	12,115
Income taxes	549	2,934
Curr. Liabilities	$ 54,220	$ 41,108
Long-term debt	16,604	21,318
Deferred inc. taxes	855	3,923
Accrued pensions & reserve for benefits	815	1,109
+ Common stock	2,217	2,204
Add. paid-in capital	11,891	11,728
Retained earnings	20,815	23,653
Curr. trans. adjust	(1,248)	(626)
Treasury stock	(266)	(291)
Total Liabilities & Shareholders' Equity	$ 105,903	$ 104,126

* At lower of cost (LIFO or FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	—	3.20
%Net Income to Revenues	—	1.68
%Net Income to Equity	—	14.86
Working Capital	$ 8,680,000	$23,881,000
Current Ratio	1.16	1.58
Shareholders' Equity	$33,409,000	$36,668,000

Service Merchandise Company, Inc.

2968 Foster Creighton Drive
P.O. Box 24600
Nashville, Tennessee 37202
(615) 251-6666

Officers: Raymond Zimmerman, chairman of the board, president & chief exec. officer; Howard I. Levy, executive v.p.; Richard L. Schenk, v.p.-finance, secretary & chief financial officer; Ronald L. Stegall, v.p.-human resources; John R. Isaac, Jr., sr. v.p.-operations & president-catalog showroom division; S.P. Bravd, v.p.-finance; R. Donald Robinson, v.p.-property development.

Directors: Harry Zimmerman, Raymond Zimmerman, Mary K. Zimmerman, R. Maynard Holt, Charles V. Moore, Richard P. Crane, Jr., Howard I. Levy, James E. Poole.

Business Activities: Catalog merchandising company operating merchandise showrooms in 36 states. Engaged in the sale of a broad line of jewelry, diamonds and nationally advertised brand-name hardgoods merchandise such as housewares, small appliances, giftware, silverware, cameras, luggage, radios, televisions, and other home electronic equipment and accessories, toys, sporting goods, and home and garden equipment.

Subsidiaries:

Computer Shoppes, Inc.
Specialty computer business operating 11 retail outlets in Nashville on the basis of consultive selling.

The Lingerie Store
Retail outlets selling name brand lingerie and sleepwear.

Zimm's
Jewelry and giftware sold through two stores in Nashville, Tennessee.

Mr. How Warehouse, Inc.
Retail home improvement warehouse operation serving do-it-yourself customers in the building supply market through 27 stores.

Acquisition(s):

H.J. Wilson Co., Inc.
Ellman's, Inc.

Transfer Agent(s):

Third National Bank
Nashville, Tennessee 37219

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SMCH (NASDAQ)

Number of Stores: (at fiscal year end)

1985	328	1982	116
1984	195	1981	115
1983	139		

Sales and Earnings

	Net Sales	Net Income
12/28/85	$2,526,457,000	$ 10,733,000
12/29/84	1,656,992,000	44,576,000
12/31/83	1,458,098,000	44,869,000
1/1/83	1,195,283,000	31,569,000
1/2/82	1,027,093,000	23,069,000

	No. of Com. Shares †	Earn. per Share +
12/28/85	33,315,000	$ 0.32
12/29/84	32,039,000	1.46
12/31/83	30,126,000	1.49
1/1/83	29,000,000	1.20
1/2/82	25,324,000	0.91

† Adjusted to reflect stock split.
+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
12/28/85	$0.08	—	—
12/29/84	0.08	—	—

12/31/83	0.0775	—	2-for-1
1/1/83	0.07	—	—
1/2/82	0.07	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
12/28/85	$ 328,150,000	$ 9.85
12/19/84	308,595,000	9.63
12/31/83	251,971,000	8.36
1/1/83	205,332,000	7.08
1/2/82	142,194,000	5.61

+ Adjusted to reflect stock split.

Income Account

Year ended	12/28/85	12/29/84
Net Sales	$2,526,457,000	$1,656,992,000
Cost of sales	1,989,859,000	1,255,520,000
Expenses	431,117,000	275,585,000
Depreciation & amortization	43,980,000	25,025,000
Other income	(5,589,000)	(4,819,000)
Interest expense	56,741,000	21,015,000
Income before taxes	$ 10,349,000	$ 84,666,000
Income taxes (credit)	(384,000)	40,090,000
Net Income	$ 10,733,000	$ 44,576,000

Assets

As of	12/18/85	12/29/84
Cash	$ 48,171,000	$ 90,136,000
Acct. receiv., net	24,007,000	17,925,000
*Inventories	715,423,000	438,357,000
Prepaid expenses	24,586,000	14,666,000
Current Assets	$ 812,187,000	$ 561,084,000
#Fixed assets	637,397,000	289,300,000
Other assets & defer. charges	8,984,000	16,404,000
Total Assets	$1,458,568,000	$ 866,788,000

Liabilities

Notes payable	$ 93,000,000	$ —
Long-term debt, curr.	79,430,000	7,643,000
Cap. leases, curr.	7,013,000	6,448,000
Acct. payable	335,221,000	230,600,000
Accruals	118,177,000	99,425,000
Income taxes	(7,852,000)	24,225,000
Curr. Liabilities	$ 624,989,000	$ 368,341,000
Long-term debt	385,154,000	111,294,000
Cap. lease oblig.	107,264,000	73,725,000
Deferred income taxes	13,011,000	4,833,000
+Common stock	16,884,000	16,246,000
Add. paid-in capital	79,550,000	68,703,000
Retained earnings	238,110,000	230,040,000
Treasury stock	(6,394,000)	(6,394,000)
Total Liabilities & Shareholders' Equity	$1,458,568,000	$ 866,788,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.41	5.11
%Net Income to Sales	0.42	2.69
%Net Income to Equity	3.27	14.44
Sales to Inventories	3.53	3.78
Debt to Equity	2.05	0.62
Working Capital	$187,198,000	$192,743,000
Current Ratio	1.30	1.52
Shareholders' Equity	$328,250,000	$308,595,000

The Sherwin-Williams Company

101 Prospect Avenue, N.W.
Cleveland, Ohio 44115
(216) 566-2000

Officers: J.G. Breen, chairman of the board, president & chief executive officer; T.A. Commes, sr. v.p.-finance; F.T. Krotine, sr. v.p.-corporate research & development; W.B. Eldredge, group v.p.; Carl A. Bellini, group v.p.; A.D. Childs, v.p., general counsel & corporate secretary; A.D. Maine, v.p.-human resources; R.A. Tschannen, v.p.-facilities & administrative services; T.R. Miklich, treasurer; Francis C. Piccirillo, director of taxes & asst. secretary; Conway A. Ivy, v.p.-corp. planning & development.

Directors: J.G. Breen, chairman; J.A. Attwood, K.S. Benson, D.W. Calloway, T.A. Commes, W.J. De Lancey, R.C. Doban, A.C. Holmes, J.R. Killpack, W.G. Mitchell, R.E. Schey, Leigh Carter.

Business Activities: Manufacturer and marketer of consumer and industrial coatings, specialty chemicals, containers and paint sundries. The Company owns a nationwide chain of 1,627 Sherwin-Williams paint and wallpaper stores and approximately 443 drug stores operating under Gray and Drugfair names in 11 states.

Divisions and Subsidiaries:

Gray Drug Fair
Stores Division
Consumer Division
Automotive Aftermarket Division
Chemical Coatings Division
Sprayon Division
International Group

Sherwin-Williams do Brasil Industria e Comercio Ltda.
Sao Paulo, Brazil

Sherwin-Williams Canada, Inc.
Gravenhurst, Canada

Sherwin-Williams (Caribbean) N.V.
Curacao

Sherwin-Williams (West Indies) Limited
Kingston, Jamaica

Sherwin-Williams Foreign Sales Corporation Ltd.
Charlotte Amalie, Virgin Islands
Sherwin-Williams Automotive Finishes, Inc.
Mississauga, Canada

Compania Sherwin-Williams S.A. de C.V.
Mexico City, D.F., Mexico

Sherwin-Williams Cayman Islands Ltd.
Grand Cayman

The Sherwin-Williams Co. Resources Ltd.
Kingston, Jamaica

Sherwin-Williams (Barbados) Ltd.
Bridgetown, Barbados

Sherwin-Williams Development Corp.
GDF, Inc.
Gray Drug Fair, Inc.

Gray Drug Stores, Inc.
666 Euclid Avenue
Cleveland, Ohio 44114
(216) 696-2070

Drug Fair, Inc.
Contract Transportation Systems Co.
The Marshall Drug Company
Drug Way Stores, Inc.
Drug Fair of Pa., Inc.
CTS Brokerage, Inc.
Dupli-Color Products Company

Dupli-Color Canada, Ltd.
Scarborough, Canada

Joint Ventures:

FSW Coatings, Limited
FSW Paints Ltd.
Dublin, Ireland

Nippon Sherwin-Williams Chemicals Co., Ltd.
Osaka, Japan

Sherwin-Williams de Panama, S.A.
Panama City, Panama

Sherwin-Williams del Ecuador Fabrica Nacional de Pinturas, S.A.
Guayaquil, Ecuador

BAPCO
Toronto, Canada

Sherwin-Williams Saudi Arabia Ltd.
Jeddah, Saudi Arabia

Transfer Agent(s):

AmeriTrust Company N.A.
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: SHW

Number of Stores: (at fiscal year end)

1985	2,070	1982	1,748
1984	1,958	1981	1,800
1983	1,819		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1985	$ 2,194,925	$ 74,638
1984	2,075,194	65,006
1983	1,973,485	55,412
1982	1,851,776	42,931
1981	1,536,807	31,385

	No. of Com. Shares ‡‡	Earn. per Share +
1985	46,222,000	$ 1.61
1984	45,850,000	1.42
1983	47,639,000	1.16
1982	41,807,000	1.01
1981	39,635,000	0.77

‡‡ Based on the average number shares of common stock outstanding adjusted to reflect stock splits.
+ Based on the average number of shares outstanding after adjusting net income for dividend requirements of preferred stock adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.46	—	2-for-1
1984	0.38	—	—
1983	0.30	—	—
1982	0.25	—	2-for-1
1981	0.20	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share #
1985	$ 465,367,000	$ 10.07
1984	404,140,000	8.81
1983	369,920,000†	7.77
1982	333,539,000†	7.98
1981	284,029,000†	7.17

† After allowing for preferred stock at aggregate involuntary liquidation.
# Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Dec. 31.	1985	1984
Net sales	$ 2,194,925	$ 2,075,194
Cost of sales	1,401,601	1,352,800
Expenses	652,851	599,115
Interest expense	15,230	16,534
Interest income	(11,165)	(13,448)
Other expense	7,770	4,087
Income bef. taxes	$ 128,638	$ 116,106

Income taxes	54,000	51,100
Net Income	$ 74,638	$ 65,006

* Included in Costs and Expenses, Depreciation and Amortization: $26,327,000 in 1985 and $24,919,000 in 1984.

Assets
(000's)

As of Dec. 31	1985	1984
Cash & Short-term invest.	$ 170,025	$ 166,233
Accts. receiv., net	164,116	157,486
*Inventories	366,614	337,773
Other	47,309	48,020
Current Assets	$ 748,064	$ 709,512
#Fixed assets	230,168	221,145
Other assets	77,581	73,739
Total Assets	$ 1,055,813	$ 1,004,396

Liabilities
(000's)

Long-term debt, curr.	$ 9,084	$ 11,760
Accts. payable	193,620	183,938
Accruals	95,280	97,098
Compensation & withholding	48,224	48,726
Accrued taxes	30,262	23,737
Curr. Liabilities	$ 376,470	$ 365,259
Long-term debt	145,437	168,878
Other long-term liability	32,502	36,630
Deferred income taxes	36,037	29,489
+ + Common stock	26,372	25,852
Add. paid-in capital	153,281	145,402
Retained earnings	358,749	305,175
Foreign curr translation adj.	(12,552)	(12,530)
Treasury stock	(60,483)	(59,759)
Total Liabilities & Shareholders' Equity	$ 1,055,813	$ 1,004,396

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.86	5.59
%Net Income to Sales	3.40	3.13
%Net Income to Equity	16.04	16.09
Sales to Inventories	5.99	6.14
Debt to Equity	0.33	0.45
Working Capital	$371,594,000	$344,253,000
Current Ratio	1.99	1.94
Shareholders' Equity	$465,367,000	$404,140,000

Shopwell, Inc.

400 Walnut Avenue
Bronx, New York 10454
(212) 579-3400

Officers: Jay M. Rosengarten, chairman of the board, co-chief exec. officer & chief admin. officer; Glen Rosengarten, president, co-chief exec. officer & chief operating officer; Alan H. Olstein, sr. v.p.-Retail Division; Roy Marcus, v.p. & chief financial officer; David Smithies, v.p.-human resources; Stuart Spivak, v.p. & controller; Lawrence R. Buxbaum, v.p.-real estate & secretary; Abraham Laxer, v.p.-advertising; Paul Farro, v.p.-labor relations; Russell W. Schroeder, v.p.-mgmt. information systems & data processing; Paul Margarites, v.p.-deli-dairy sales & merchandising; Howard Vermilye, v.p.-meat sales & merchandising; Thomas Cignarella, v.p.-produce sales & merchandising.

Directors: Herbert B. Daitch*, Walter Feldesman*, Martin Rosengarten*, Fred Siegel*, John L. Procope*, Ted Petrillo*, Glen Rosengarten*, Jay M. Rosengarten*, Albert G. Lowenthal, Stephen E. Miron, Alan H. Olstein.

* Member of the Executive Committee.

Business Activities: Operates a chain of 52 supermarkets in the New York metropolitan area and nearby Connecticut under the names Shopwell, The Food Emporium and Shopwell's Value Center.

Transfer Agent(s):

American Stock Transfer Company

Stock Exchange(s): American

Ticker Symbol: SH

Number of Stores: (at fiscal year end)

1985	52	1982	66
1984	57	1981	66
1983	64		

Sales and Earnings

	Net Sales +	Net Income
1985	$ 463,534,996	$ (4,346,752)
1984	459,068,773	(1,547,692)
1983	416,572,495	1,799,454
1982	384,011,805	4,206,204
1981	345,212,855	1,216,835

	No. of Com. Shares ‡	Earn. per Share ‡
1985	2,093,855	$ —
1984	2,056,290	—
1983	1,929,166	0.93
1982	1,646,485	2.55
1981	1,647,385	0.74

(Loss)
+ Of continuing operations only.
‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.104	25%	—
1984	0.128	—	—
1983	0.128	—	—
1982	0.087	10%	—
1981	0.073	—	—

+ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 25,820,498	$ 12.33
1984	29,863,861	14.52
1983	31,599,565	16.38
1982	22,787,436	13.84
1981	18,739,380	11.38

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended	1/25/86	12/29/84
Net sales	$ 463,534,996	$ 459,068,773
Cost of sales	364,016,234	364,100,282
Expenses	95,583,541	89,922,174
Interest income	(197,216)	(185,050)
Other income	(122,459)	(394,201)
Interest expense	5,738,245	4,642,701
Res. for insur. claims	350,000	700,000
Inc. (loss) bef. taxes	$ (1,833,349)	$ 282,867
Income taxes	—	61,000
Inc. (loss)-cont. oper.	$ (1,833,349)	$ 221,867
Loss-discont. oper.	(2,513,403)	(1,769,559)
Net Loss	$ (4,346,752)	$ (1,547,692)

* Included in Costs and Expenses, Depreciation and Amortization: $8,740,016 in 1985 and $7,848,150 in 1984.

Assets

As of	1/25/86	12/29/84
Cash & short-term invest.	$ 3,063,375	$ 4,901,675
Accts. receiv., net	8,054,661	10,980,978
*Inventories	26,030,526	31,779,004
Prepaid expenses	2,620,920	2,698,967
Current Assets	$ 39,769,482	$ 50,359,624
#Fixed assets	62,138,236	56,401,585
Other assets	3,468,938	1,937,897
Total Assets	$ 105,376,656	$ 108,699,106

Liabilities

Long-term debt, curr.	$ 8,408,622	$ 5,677,177
Accts. payable & accruals	28,790,150	30,920,108
Taxes payable	1,545,054	2,558,826
Other liabilities	—	769,992
Curr. Liabilities	$ 38,743,826	$ 39,926,103
Long-term debt	40,512,332	37,217,679
Def. inc. taxes & other liab.	300,000	1,691,463
+ Common stock	1,226,116	981,224
Add. paid-in capital	22,074,747	14,847,771
Retained earnings	5,297,319	16,587,062
Treasury stock	(1,762,732)	(1,922,732)
Restricted commmon stock grants	(1,014,952)	(629,464)
Total Liabilities & Shareholders' Equity	$ 105,376,656	$ 108,699,106

* Warehouse inventories at lower of cost (weighted average method) or market; store inventories at lower of cost (FIFO) or market, determined by retail method.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

Sales to Inventories	17.81	14.55
Debt to Equity	1.89	1.44
Working Capital	$ 1,025,656	$10,433,521
Current Ratio	1.03	1.26
Shareholders' Equity	$25,820,498	$29,863,861

Simco Stores, Inc.

385 Gerard Avenue
Bronx, New York 10451
(212) 292-7777

Officers: Joseph C. Warner, president; Bert K. Bergenfield, v.p.-finance/administration and secretary; Stephen E. Hersh, v.p.-merchandising; Michael Maugeri, asst. v.p.-warehouse and traffic control; Gary Cohen, asst. v.p.-merchandise distribution; Martin Reynolds, asst. v.p.-store operations; Rosalie Licata, asst. v.p.-merchandise accessories; Morris Cardone, asst. v.p.-store planning & construction; John J. Valluzzi, asst. v.p.-store operations.

Directors: Joseph C. Warner, Walter W. Oberstebrink, Neil B. Padron, Alan L. Wechsler, Bert K. Bergenfield.

Business Activities: A chain of shoe stores located primarily in the Metropolitan New York City area specializing in popular-priced footwear, handbags, hosiery, and related items for women and teen-aged girls. Stores are also located in three states.

Transfer Agent(s):

American Transfer Company
99 Wall Street
New York, New York 10004

Stock Exchange(s): American

Ticker Symbol: SSM

Number of Stores: (at fiscal year end)

1984	25	1981	27
1983	28	1980	27
1982	28		

Sales and Earnings

	Net Sales	Net Income
1984	$ 9,239,038	$ (684,763)
1983	10,216,648	(4,091)
1982	11,137,538	433,796
1981*	10,383,201	422,948
1980	10,064,298	652,971

	No. of Com. Shares #	Earn. per Share #
1984	1,253,649	$ —
1983	1,253,649	—
1982	1,253,649	0.35
1981*	1,253,649	0.34
1980	1,253,649	0.52

(Loss)
* 53 weeks.
# Based on the average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1984	$0.125	—	—
1983	0.25	—	—
1982	0.25	—	—
1981	0.25	—	—
1980	0.25	3%	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1984	$ 5,478,648	$ 4.37
1983	6,374,086	5.08
1982	6,605,772	5.27
1981	6,455,192	5.15
1980	6,377,317	5.09

‡ Based on the average number of shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended	7/28/84	7/30/83
Net sales	$ 9,239,038	$ 10,216,648
Cost of sales	4,895,168	4,900,403
Expenses	4,442,259	4,350,784
Depreciation & amortization	248,365	215,502
Rent & occupancy tax	1,193,189	1,048,180
Other income	(344,180)	(247,732)
Loss before taxes	$ (1,195,763)	$ (50,489)
Tax credit	(511,000)	(46,398)
Net Loss	$ (684,763)	$ (4,091)

Assets

As of	7/28/84	7/30/83
Cash	$ 232,238	$ 753,165
*Inventories	2,669,781	3,101,586
Income taxes	633,342	257,575
Insurance claims receivable	262,890	—
Prepaid exp. & other assets	144,195	159,698
Current Assets	$ 3,942,446	$ 4,272,024
Investments	186,300	440,968
#Fixed assets	2,363,158	2,211,718
Other assets	140,836	159,722
Total Assets	$ 6,632,740	$ 7,084,432

Liabilities

Notes payable	$ 200,000	$ —
Cap. lease oblig., curr	17,482	16,799
Accts. payable	501,654	212,666
Accruals	183,340	234,540
Curr. Liabilities	$ 902,476	$ 464,005
Security deposits	54,567	50,451
Deferred income taxes	18,641	—
Cap. lease oblig.	178,408	195,890
+Common stock	663,117	663,117
Add. paid-in capital	1,728,993	1,728,993
Net unreal. loss	(182,091)	(128,123)
Retained earnings	3,544,621	4,386,091
Treasury stock	(275,992)	(275,992)
Total Liabilities & Shareholders' Equity	$ 6,632,740	$ 7,084,432

*At lower of cost on the FIFO basis, or market as determined by a retail method.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

Sales to Inventories	3.46	3.29
Working Capital	$3,039,970	$3,808,019
Current Ratio	4.37	9.21
Shareholders' Equity	$5,478,648	$6,374,086

The Singer Company

8 Stamford Forum
P.O. Box 10151
Stamford, Connecticut 06904
(203) 356-4200

Officers: Joseph B. Flavin, chairman of the board & chief executive officer; William F. Schmied, president & chief operating officer; Robert J. Lynch, sr. v.p.-corporate administration; Neil J. Morrow, group v.p.-sewing & consumer durables group; John L. Duncan, group v.p.-electronic/mechanical products group; F. Gordon Bitter, sr. v.p.-chief financial officer and controller; Terry W. Heil, group v.p.-government products group; Paul D. O'Connor Jr., sr. v.p. and general counsel: vice presidents: Leo G. Blatz, sewing & consumer durables; L. John Clark; John J. Brett-Kearfott Division; Maurice Center-Librascope Division; Thomas L. Elliott, Jr., corporate relations; Austin J. Greene, general tax counsel; Larry F. Neely, Meter Division; Ernest J. Szilagyi, planning; William D. Turner, Link Flight Simulation Division; Ronald E. Bish, v.p.-Controls Division; Wesley K. Brown, HRB-Singer, Inc.; Jay Hoffman, engineering; Theron S. Hoffman, Jr., personnel & organization; Stephen J. Kind, North American sewing products; John F. Naylor, Motor Division; Francis E. Nicastro, treasurer; Ralph K. Kessler, secretary and assistant general counsel; Phillip A. Watson, v.p. and assistant general counsel.

Directors: Joseph B. Flavin*, chairman; Randolph W. Bromery*, Francis E. Ferguson, Arthur H. Fredston, Robert P. Jensen, Lloyd L. Kelly*, Archibald E. MacKay, Donald E. Meads*, Bernard J. O'Keefe*, Arthur J. Santry, Jr.*, William F. Schmied, Kelly H. Burke, Delbert C. Staley.

* Member of the Executive Committee.

Business Activities: Operates a chain of Singer stores, principally in North America, which sell retail consumer goods manufactured by the Company; Sewing and Related Products include sewing machines, cabinets and sewing aids, fabrics, sewing notions, floor care equipment, and industrial sewing and textile machinery. Government Products include the aerospace and marine systems educational products and services. Aerospace systems operations include a broad line of navigation systems for aircraft, spacecraft, and marine vessels, guidance systems for missiles, anti-submarine warfare systems; aircraft, spacecraft, marine and industrial simulators; large-screen display systems; educational materials, audio-visual equipment and training products; electronic intelligence systems; telecommunications; terminals, and related systems and products. Products manufactured for the consumer include air conditioning and heating equipment, controls, meters, furniture and motor products such as vacuum cleaners and power tools manufactured for Sears, Roebuck & Co.

Divisions and Subsidiaries:
GOVERNMENT PRODUCTS

Aerospace & Marine Systems

HRB-Singer, Inc.
Science Park Road
P.O. Box 60
State College, Pennsylvania 16804
(814) 238-4311

Kearfott Division
1150 McBride Avenue
Little Falls, New Jersey 07424
(201) 785-6000

Librascope Division
833 Sonora Avenue
Glendale, California 91201
(818) 244-6541

Link Flight Simulation Division
Binghamton, New York 13902
(607) 772-3011

Link Simulation Systems Division
11800 Tech Road
Montgomery Industrial Park
Silver Spring, Maryland 20904
(301) 622-4400

SimuFlite Division
P.O. Box 619119
Dallas/Fort Worth Airport, Texas 75361

Education Division
8 Stamford Forum
P.O. Box 10151
Stamford, Connecticut 06904
(203) 356-4200
Products manufactured for the consumer

SimuFlite Training International, Inc.
8445 Freeport Parkway, Suite 300
Irving, Texas 75063
(214) 456-8000

CONSUMER PRODUCTS

Controls Products Division
9655 W. Soreng Avenue
Schiller Park, Illinois 60176
(312) 625-9000

Furniture Division
880 Johnson Ferry Road, N.E.
Atlanta, Georgia 30342
(404) 256-3850

Meter Division
13500 Philmont Avenue
Philadelphia, Pennsylvania 19116
(215) 673-2100

Motor Products Division
P.O. Box 35
Pumpkintown Highway
Pickens, South Carolina 29671
(803) 878-6331

Sewing & Related Products

North American Sewing Products Division
135 Raritan Center Parkway
Edison, New Jersey 08837
201 632-6700

Europe Africa & Middle East Division
Belmont Road
Maidenhead, Berkshire SL6 6JN
England

Asia Division
593 Havelock Road #03-00
Singapore 0316

Latin America Division
8525 N.W. 53rd Terrace
Miami, Florida 33166
(305) 592-9201

Transfer Agent(s):
The First Jersey National Bank
Stock Transfer Division
One Exchange Place
Jersey City, New Jersey 07302

Crocker National Bank (common & $3.50 preferred stock)
P.O. Box 38005
San Francisco, California 94138

Stock Exchange(s): New York, Pacific, Paris, London

Ticker Symbol: SMF

Sales and Earnings

	Net Sales + (000's)	Net Income ‡ (000's)
1985	$ 2,416,300	$ 82,300
1984	2,518,800	65,100

1983	2,476,600	31,600
1982	2,523,400	(2,900)
1981	2,704,000	38,400

	No. of Com. Shares	Earn. per Share ‡†
1985	17,265,147	$ 4.30
1984	17,089,706	3.41
1983	16,935,406	1.52
1982	16,621,004	—
1981	16,612,221	1.93

(Loss)

+ Of continuing operations only.

‡ Including extraordinary gains of $14,800,000 ($0.84 per share) in 1984, $15,400,000 ($0.88 per share) in 1983 and $18,900,000 in 1982.

† Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1985	1984
Sewing and related products	$ 567,900	$ 748,200
Furniture	133,300	145,700
Power tools & floor care	182,400	217,500
Controls prods.	145,600	143,400
Meter prods.	108,000	89,300
Aerospace & marine sys.	1,211,400	1,110,500
Education	67,600	64,200
Total	$ 2,416,300	$ 2,518,800

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.30	—	—
1984	0.10	—	—
1983	0.10	—	—
1982	0.10	—	—
1981	0.10	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1985	$ 403,400,000	$ 23.36
1984	321,600,000	18.82
1983	270,600,000	15.98
1982	259,000,000	15.58
1981	268,600,000	16.17

‡ After allowing for preferred stock at total liquidation preference value.

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Revenues	$ 2,416,300	$ 2,518,800
Cost of sales	1,937,000	1,918,200
Expenses	347,400	454,000
Inc. of unconsol. subsid.	(32,700)	(4,100)
Interest expense	(2,100)	79,200
For. exch. adjust.	(73,100)	(2,000)
Inc. before taxes	$ 93,300	$ 81,400
Income taxes	11,000	31,100
Net Income	$ 82,300	$ 50,300
Extraord. gain	—	14,800
Net Income & Extraord. Gain	$ 82,300	$ 65,100

* Included in Costs and Expenses, Depreciation and Amortization: $67,700,000 in 1985 and $62,200,000 in 1984.

Assets
(000's)

As of Dec. 31	1985	1984
Cash	$ 25,700	$ 57,600
Accts. receiv., net	394,300	441,300
*Inventories	404,400	405,300
Prepaid expenses	16,000	11,500
Current Assets	$ 834,400	$ 915,700
Investments	75,800	81,700
#Fixed assets	380,600	380,100
Other assets	101,300	92,500
Total Assets	$ 1,392,100	$ 1,470,000

Liabilities
(000's)

Notes & loans payable	$ 82,100	$ 122,500
Long-term debt, curr.	16,800	14,500
Accts. payable	212,100	233,500
Accruals	159,900	190,600
Income taxes	2,800	14,100
Curr. Liabilities	$ 473,700	$ 575,200
Long-term debt	300,100	322,900
Other liabilities	54,700	88,200
+ Preferred stock	22,000	22,400
+ + Common stock	172,700	170,900
Add. paid-in capital	41,400	40,200
Retained earnings	361,500	289,600
Eq. adjust. from curr. trans.	(34,000)	(39,400)
Total Liabilities & Shareholders' Equity	$ 1,392,100	$ 1,470,000

* At lower of cost (FIFO) or market.

# Less accumulated depreciation.

+ No par value.

+ + $10 par value

Statistical Summary

% Income bef. Taxes to Sales	3.86	3.23
% Net Income to Sales	3.41	2.00
% Net Income to Equity	14.60	10.40
Sales to Inventories	5.98	6.21
Debt to Equity	0.71	0.95
Working Capital	$360,900,000	$340,500,000
Current Ratio	1.76	1.59
Shareholders' Equity	$563,600,000	$483,700,000

W & J Sloane Corporation

(formerly John F. Lawhon Furniture Company)

1241 West Maricopa Freeway
Phoenix, Arizona 85007
(602) 258-2200

Officers: Leon J. Levitz, chairman of the board, president & chief exec. officer; Donald J. Stombres, exec. v.p.; Ralph Marsh, v.p.-chief financial officer & treasurer; Fred Berk, v.p.-marketing; Eric Citron, v.p. & general manager-W & J Sloane East; Pat Bruno, v.p. & marketing director-W & J Sloane East; Michael J. Goodman, v.p. & general manager-W & J Sloane West; Ted Hopson, v.p.-merchandising; Robert Corry, asst. v.p.-operations; Michael J. Fortwengler, v.p., controller & secretary.

Directors: Leon Levitz, Arnold A. Smith, Gary R. Levitz, Harrison A. Price.

Business Activities: The Company retails a broad range of furniture and home furnishings and accessories using the "warehouse-showroom" concept. The company operates 33 retail and warehouse outlets in Arizona, California, Louisiana, Nevada, New Jersey, New York, Oklahoma, Tennessee and Texas.

Subsidiaries:

RBI-WJS Corporation

The company is engaged in the retail sale of home furniture and furnishings through five outlets in the NYC metropolitan area under the names "W & J Sloane" and "W & J Sloane Clearance Centers".

Furniture Palace Inc.

The company is engaged in the furniture and home furnishings business through the operation of two retail furniture outlets in San Antonio, Texas.

Transfer Agent(s):

Fourth National Bank & Trust Company of Tulsa
Tulsa, Oklahoma

Stock Exchange(s): Over-the-Counter

Ticker Symbol: LAWH (NASDAQ)

Number of Stores: (at fiscal year end)

1985	33	1982	9
1984	9	1981	5
1983	9		

Sales and Earnings

	Net Sales	Net Income ‡
1985	$ 45,576,236	$ (1,361,548)
1984	29,634,228	(2,522,405)
1983	26,644,450	(1,103,922)
1982	24,066,441	3,437,833
1981	45,526,488	(6,139,279)

	No. of Com. Shares	Earn. per Share ‡
1985	7,427,267	$ —
1984	6,829,706	—
1983	2,920,314	—
1982	2,920,314	0.67
1981	2,920,314	—

(Loss)

‡ Including extraordinary gain of $3,342,014 ($0.64 per share) in 1982.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ (147,434)‡	$ —
1984	(580,401)‡	—
1983	1,025,129	0.35
1982	2,129,051	0.73
1981	(1,308,782)	—

(Deficiency)

‡ After allowing for preferred stock at liquidation value.

Income Account *

Year ended Jan. 31	1985	1984
Net sales	$ 45,576,236	$ 29,634,228
Cost of sales	25,656,296	17,595,609
Expenses	20,057,284	13,879,306
Interest expense	857,771	352,238
Prov. for store clos.	—	329,480
Loss-cont. oper.	$ (995,115)	$ (2,522,405)
Loss-discont. oper.	(366,433)	—
Net Loss	$ (1,361,548)	$ (2,522,405)

* Included in Costs and Expenses, Depreciation and Amortization: $736,449 in 1985 and $390,326 in 1984.

Assets

As of Jan. 31	1985	1984
Cash	$ 940,316	$ 425,670
Comm. paper	—	417,809
Receiv. from issuance of pref. stock	—	1,000,000
Accts. receiv., net	1,901,981	462,324
*Inventories	12,262,875	5,035,176
Other curr. assets	584,415	242,417
Curr. Assets	$ 15,689,587	$ 7,583,396
#Fixed assets	16,906,879	3,322,844
Assets of discont. oper.	1,722,036	—
Other assets	1,415,772	351,034
Total Assets	$ 35,734,274	$ 11,257,274

Liabilities

Long-term debt, curr.	$ 1,060,978	$ 150,301
Accts. payable	10,757,256	3,826,842
Accruals	1,712,342	633,514
Accrued acq. costs	1,079,513	—
Est. store clos. exp.	45,390	357,554
Advance from stockholder	—	710,000

W & J Sloane Corporation

Curr. Liabilities	$ 14,655,479	$ 5,678,211
Long-term debt	13,942,841	3,159,464
Redeem. Common stock	4,283,388	—
+ Preferred stock	3,000,000	3,000,000
+ + Common stock	374,588	341,485
Add. paid-in capital	6,963,724	5,082,712
Deficit	(7,294,271)	(6,004,598)
Treasury stock	(191,475)	—
Total Liabilities & Shareholders' Equity	$ 35,734,274	$ 11,257,274

* At lower of cost (specific identification) or market.
# Less accumulated depreciation and amortization.
+ $1 par value: Convertible.
+ + $0.05 par value.

Statistical Summary

Sales to Inventories	3.72	5.89
Working Capital	$1,034,108	$1,905,185
Current Ratio	1.07	1.34
Shareholders' Equity	$2,852,566	$2,419,599

Sobeys Stores Limited

115 King Street
Stellarton, Nova Scotia BOK 1S0, Canada
(902) 752-8371

Officers: Frank H. Sobey, honorary chairman of the board; William M. Sobey, chairman; David F. Sobey, deputy chairman & chief executive officer; James S. Murchie, president & chief operating officer; Nigel F. Byars, v.p.-finance, treasurer & asst. secretary; Frank H. Hickey, v.p.-merchandising; John Sobey, exec. v.p.-retail; Darrell M. Rushton, v.p.-wholesale; James G. Fitzpatrick, v.p.-distribution; J.K. Lynn, v.p.-personnel; G.J. Vienneau, v.p.-corporate marketing; Robert P. Dexter, secretary.

Directors: Merritt G. Crawford, William G. Lumsden, J. William Ritchie, Arthur R. Lundrigan, James S. Murchie, David F. Sobey, Donald R. Sobey, Frank H. Sobey, William M. Sobey, James W. Gogan, James L. Moody, Jr., John R. Sobey.

Business Activities: Engaged in food distribution and merchandising. Operates a chain of grocery stores in Prince Edward Island, Nova Scotia, Newfoundland, New Brunswick, Quebec and Ontario. These stores operate under the name of T.R.A. Foods, Lumsden Brothers, K-Mart Foods and Sobey's Village. Also engaged in real estate activities.

Subsidiaries:

Lumsden Brothers, Limited
Burlington, Ontario

Clover Produce Limited
Halifax, Nova Scotia

Eastern Sign-Print Limited
Stellarton, Nova Scotia

Johnson & MacDonald Limited
New Glasgow, Nova Scotia

T.R.A. Foods Limited
Middleton, Nova Scotia & St. John's Newfoundland

Transfer Agent(s):

Montreal Trust Co.
Montreal, Quebec, Canada

Stock Exchange(s): Montreal, Toronto

Ticker Symbol: SYS

Number of Stores: (at fiscal year end)

1985	100	1983	96
1984	96		

Sales and Earnings

	Net Sales	Net Income ‡
1985	$ 803,554,000	$ 8,247,000
1984	672,603,000	7,416,000
1983*	588,251,000	5,524,000
1982	485,804,000	7,148,000
1981	437,357,000	3,009,000

	No. of Com. Shares #	Earn.per Share #
1985	2,741,895	$ 3.09
1984	2,333,586	2.76
1983*	2,333,586	1.95
1982	2,333,586	2.56
1981	2,333,586	1.21

*53 weeks.
# Class A common and Class B common shares combined.
‡ Including extraordinary gain of $249,000 ($0.11 per share) in 1982.

Common Stock

		Cash Dividend	Stock Dividend	Stock Split
1985	Class A	$0.29	—	—
	Class B	0.29	—	—
1984	Class A	9.26	—	—
	Class B	0.26	—	—
1983	Class A	0.21	—	—
	Class B	0.21	—	—
1982	Class A	0.20	—	—
	Class B	0.20	—	—
1981	Class A	0.15	—	3-for-1
	Class B	0.15	—	3-for-1

Common Stock Equity

	Total Equity ‡	Equity Per Share
1985	$ 46,598,560	$ 17.00
1984	33,663,220	14.43
1983	27,825,220	11.92
1982	23,762,940	10.18
1981	18,089,540	7.75

‡ After allowing for preferred stock at par value.

Income Account

Year ended	5/4/85	5/5/84
Sales	$ 803,554,000	$ 672,603,000
Cost of sales & expenses	779,781,000	652,963,000
Depreciation	8,110,000	5,420,000
Interest expense	6,384,000	4,303,000
Investment income	(2,820,000)	(2,023,000)
Income bef. taxes	$ 12,099,000	$ 11,940,000
Income taxes (credit)	4,420,000	4,378,000
Minority interest	110,000	111,000
Loss (gain) on sale of secur.	(678,000)	35,000
Net Income	$ 8,274,000	$ 7,416,000

Assets

As of	5/4/85	5/5/84
Cash	$ 6,069,000	$ 4,550,000
Marketable securities	57,773,000	44,615,000
Receiv., net	9,053,000	8,576,000
*Inventories	48,405,000	43,927,000
Prepaid expenses	2,251,000	1,939,000
Income taxes recover	309,000	445,000
Current Assets	$ 123,860,000	$ 104,052,000
Investments	14,160,000	11,734,000
#Fixed assets	40,301,000	31,927,000
†Assets under cap. leases	1,0[illegible],000	1,378,000
Total Assets	$ 179,377,000	$ 149,091,000

Liabilities

Bank loans	$ 12,515,000	$ 18,757,000
Bankers' acceptances	10,000,000	—
Long-term debt, curr.	1,256,000	1,586,000
Accts. payable & accruals	64,206,000	54,075,000
Income taxes payable	1,755,000	1,170,000
Cap. lease oblig. curr.	313,000	411,000
Curr. Liabilities	$ 90,045,000	$ 75,999,000
Cap. lease oblig.	778,000	988,000
Long-term debt	32,698,000	23,208,000
Minority interest	961,000	845,000
Deferred income taxes	3,501,000	3,243,000
+ Pref. stock 6¼%, 1966 series	1,145,000	1,145,000
+ Pref. stock 9%, conv., 1981 series	3,651,000	10,000,000
+ + Common stock:		
Class A	8,124,000	1,776,000
Class B	687,000	687,000
Retained earnings	37,787,000	31,200,000
Total Liabilities & Shareholders' Equity	$ 179,377,000	$ 149,091,000

* At lower of cost and net realizable value.
# Less accumulated depreciation.
† Less accumulated amortization.
+ $20 par value.
+ + No par value.

Statistical Summary

%Income bef. Taxes to Sales	1.51	1.78
%Net Income to Sales	1.03	1.10
%Net Income to Equity	16.05	16.55
Sales to Inventories	16.60	15.31
Debt to Equity	0.68	0.58
Working Capital	$33,815,000	$28,053,000
Current Ratio	1.38	1.37
Shareholders' Equity	$51,394,000	$44,808,000

The Southland Corporation

2828 North Haskell Avenue
Dallas, Texas 75204
(214) 828-7011

Mailing address:

Box 719
Dallas, Texas 75221

Officers: John P. Thompson, chairman of the board & chief exec. officer; Jere W. Thompson, president; Walton Grayson III, exec. v.p.-administration & services; Clark J. Matthews II, sr. exec. v.p. & chief financial officer; J.C. Thompson, Jr., sr. exec. v.p.-retail; S.R. Dole, sr. v.p.-stores group; James W. Parker, exec. v.p.-mfg. & distribution; David Karney, v.p.-mgmt. info. services; Rulon R. Brough, v.p.-EDP facilities planning; P. Eugene Pender, v.p. & controller; L. Mark Rigg, v.p.-human resources; John H. Rodgers, v.p. & general counsel; Frank J. Gangi, v.p. & treasurer; R.G. Smith, secretary; Frank McKeown, sr. v.p.-marketing-retail; Henry T. Stanley, Jr., v.p.-investor relations; C.O. Beshears, v.p.-dairies group; Donald L. Burnside, v.p.-western stores region; Adrian O. Evans, v.p.-central stores region; Frank L. Kitchen, v.p.-eastern stores region; James R. Lynch, v.p.-southeastern stores region; Sam J. Susser, sr. v.p.; Ronald E. Hall, sr. v.p., chief exec. officer & president-Citgo Petroleum Corp.; Richard A. Turchi, v.p.-international; Bill M. Wootton, v.p.-specialty retailing; Allen Liles, v.p.-public relations; Hugh G. Robinson, v.p. & president-Cityplace Development Corp.; Kenneth J. Hughes, v.p.-eastern stores region; Kenneth M. Slauth, Jr., v.p.-development.

Directors: William W. Atwell, J.Y. Ballard, Walton Grayson III, Joseph S. Hardin, Mark L. Lemmon, Jere W. Thompson, John P. Thompson, J.C. Thompson, Jr., Alan C. Schoellkopf, Clark J. Matthews II, Frank L. Carney, Leo E. Linbeck, Jr., Walter M. Mischer, Jr., Armand Hammer.

Business Activities: Operator and franchisor of self-service convenience stores and a processor and distributor of dairy products. As of December 31, 1985, there were 7,519 convenience food stores (principally under the name 7-Eleven in 41 states, the District of Columbia, and Canada); 28 Super-7 multi-pump self-service gasoline outlets; 210 Quik Mart gasoline and mini-convenience stores; 47 Gristede's and Charles & Company food stores and sandwich shops in the New York City metropolitan area. International subsidiaries/affiliates include 46 Super Siete stores in Mexico; 65 7-Eleven/naröppet stores in Sweden. Through area licensees, operates an additional 532 7-Eleven stores in the U.S., 2,592 in Japan, 64 in Australia, 100 in Hong Kong, 5 in Singapore, 16 in Canada, and 62 in Taiwan. Operates 20 dairy processing plants and 68 dairy distribution centers in 50 states, Washington, D.C. and Canada. Other operations include Citgo Petroleum Corporation, Pate Foods, a manufacturer of corn-based snack food products,

The Southland Corporation

El-Ge Potato Chip Co., and divisions that manufacture food ingredients and specialty chemical products, commercial and packaged ice, and microprocessor-controlled cash dispensing systems. Also operates 444 Chief Auto Parts stores.

Divisions:

Stores Group

General Office
2828 North Haskell Avenue
P.O. Box 719
Dallas, Texas 75221
(214) 828-7011

Gristede's
1601 Bronxdale Avenue
Bronx, New York 10462
(212) 824-2000

Southeastern Region
1304 Lee Road
Orlando, Florida 32810
(305) 295-3076

Central Region
2214 Algonquin Road
Rolling Meadows, Illinois 60008
(312) 577-1711

Petroleum Products
17311 Dallas Parkway
P.O. Box 7002
Addison, Texas 75001-2
(214) 931-0261

Southwestern Region
12200 Park Central
Suite 500
Dallas, Texas 75251
(214) 980-8055

Western Region
7839 University Avenue
P.O. Box 698
La Mesa, California 92041
(619) 465-2101

Western Gasoline Division
2444 Moor Park Avenue
Suite 316
San Jose, California 95128
(408) 293-9942

Dairies Group - General Office
2828 N. Haskell Avenue
P.O. Box 719
Dallas, Texas 75221
(214) 828-7426

Oak Farms Division
P.O. Box 225178
Dallas, Texas 76265
(214) 941-0302

Cabell Division
4017 Commerce Street
Dallas, Texas 75226
(214) 821-9164

Embassy Dairy Division
P.O. Box 114
Mattawoman Drive
Waldorf, Maryland 20601
(301) 843-1212

Midwest Farms Division
1681 Union Avenue
P.O. Box 41199
Memphis, Tennessee 38104
(901) 274-0136

Velda Farms Division
501 N.E. 181st Street
P.O. Box 64000B
Miami, Florida 33164
(305) 6[illegible]1-3511

Wanzer's Division
4430 W. North Avenue
Chicago, Illinois 60639
(312) 276-7720

Bancroft Dairy Division
1010 South Park Street
Madison, Wisconsin 53715
(608) 257-1006

Merritt Foods Division
2722 Guinotte Road
Kansas City, Missouri 64120
(816) 483-4233

Chemical Division
1st Continental Bank Bldg.
Suite 400
5801 Marvin D. Love Freeway
Dallas, Texas 75237
(214) 331-8391

Reddy Ice Division
2745 North Central Expressway
Dallas, Texas 75204
(214) 526-6740

Fast Foods Division
3636 McKinney Avenue
Dallas, Texas 75204
(214) 559-3630

Southland International
2828 N. Haskell Avenue
P.O. Box 719
Dallas, Texas 75221
(214) 828-7815

Tidel Systems
2615 E. Belt Line Road
Carrollton, Texas 76006
(214) 245-8591

Chief Auto Parts
12200 Park Central Drive
Dallas, Texas 75251
(214) 239-2256

Eastern Region
955 Louis Drive
Warminster, Pennsylvania 18974
(212) 443-8700

Specialty Products Division
2818 Merrell Road
P.O. Box 29306
Dallas, Texas 75229
(214) 350-9966

Subsidiaries:

- American Service Realty
- Citgo Petroleum Corporation
  - Citgo Caribbean Corporation
  - Citgo International Supply Company
    - Citgo International Trading Company
  - Citgo Pipeline Investment Company
    - Citgo Pipeline Company
- Citijet Corporation
- Cityplace Development Corporation
- El-Ge Potato Chip Co., Inc.
- Knowlton's Dairy Corporation
- Southland Fuels, Inc.
  - Foremost Petroleum Company of Texas, Inc.
    - Petro-Chemical Transport, Inc.
      - Petro-Chemical Transportation, Inc.
  - M & A Petroleum Company of Texas, Inc.
- Southland International, Inc.
- Southland Sales Corporation
  - 7-Eleven Sales Corporation
- Svenska 7-Eleven AB

All at:

P.O. Box 719
Dallas, Texas 75221
(214) 828-7011

Affiliates:

Desarrollo de Distribution Alimenticia, S.A.
(49% owned)
Mexico

Quimiproductos, S.A. (49% owned)
Mexico

Transfer Agent(s):

MBank Dallas, N.A.
P.O. Box 225415
Dallas, Texas 75265

Stock Exchange(s): New York, Pacific, Boston, Philadelphia

Ticker Symbol: SLC

Number of Stores*: (at fiscal year end)

1985	7,519	1982	7,165
1984	7,473	1981	7,002
1983	7,299		

* 7-Eleven stores only.

Sales and Earnings

	Revenues † (000's)	Net Income (000's)
1985	$ 12,789,630	$ 212,535
1984	12,105,001	160,252
1983	8,805,010	131,768
1982	6,782,383	108,051
1981	5,734,160	92,860

	No. of Com. Shares #	Earn. per Share #
1985	47,399,700	$ 4.41
1984	46,972,037	3.41
1983	40,393,082	3.26
1982	35,772,689	3.02
1981	35,513,515	2.61

† Includes franchised stores and other income.
# Based on the average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1985 (000's)	%	1984 (000's)	%
Store group	$ 8,054,800	63%	$ 7,707,300	63%
Gasoline refining	4,140,900	31	3,882,000	31
Food processing	517,500	4	443,600	4
Corporate	6,000	1	2,000	1
Other	70,400	1	70,100	1
Total	$12,789,600	100%	$12,105,000	100%

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1985	$1.00	—	—
1984	0.92	—	—
1983	0.84	—	—
1982	0.77	—	3-for-2
1981	0.70	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 1,371,823,000†	$ 28.84
1984	1,195,687,000	25.39
1983	1,074,962,000	22.94
1982	703,348,000	19.48
1981	612,221,000	17.23

† After allowing for preferred stock at liquidation value.
‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 12,719,241	$ 12,034,871
Other income	70,389	70,130
Total income	$ 12,789,630	$ 12,105,001
Cost of sales	10,652,762	10,214,100
Expenses	1,743,700	1,576,856
Prof. sh. plan	31,213	19,130
Interest expense	79,704	122,601
Income before taxes	$ 282,251	$ 172,314
Income taxes	69,716	12,062
Net Income	$ 212,535	$ 160,252

* Included in Costs and Expenses, Depreciation: $186,965,000 in 1985 and $165,749,000 in 1984

Assets
(000's)

As of Dec. 31	1985	1984
Cash and cash investments	$ 103,476	$ 79,782
Accts. & notes receiv., net	264,923	168,067
Refundable inc. taxes	8,867	27,081
*Inventories	1,050,889	992,469
Deposits & prepaid expenses	84,510	56,585
Investment in prop.	61,500	69,400
Current Assets	$ 1,574,165	$ 1,393,384
Investments	59,264	81,327
#Fixed assets	2,045,351	1,815,974
Other assets	56,764	49,087
Total Assets	$ 3,735,544	$ 3,339,772

Liabilities
(000's)

Comm. paper	$ 296,620	$ 122,240
Long-term debt, curr.	24,060	28,268
Accts. payable & accruals	993,357	972,676
Income taxes	51,147	14,079
Curr. Liabilities	$ 1,365,184	$ 1,137,263
Long-term debt	686,059	856,646
Deferred credits	187,478	150,176
+ Preferred stock	125,000	—
+ + Common stock	476	471
Add. paid-in capital	639,871	630,517
Retained earnings	731,476	564,699
Total Liabilities & Shareholders' Equity	$ 3,735,544	$ 3,339,772

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation.
+ No par value; $4 cumulative convertible exchangeable.
+ + $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.22	1.43
%Net Income to Sales	1.67	1.33
%Net Income to Equity	14.20	13.40
Sales to Inventories	12.10	12.13
Debt to Equity	0.47	0.74
Working Capital	$ 208,981,000	$ 256,121,000
Current Ratio	1.15	1.23
Shareholders' Equity	$1,496,823,000	$1,195,687,000

Spencer Companies, Inc.

450 Summer Street
Boston, Massachusetts 02210
(617) 542-8120

Officers: C. Charles Marran, chairman of the board; Herbert Rosen, vice chairman; Paul O'Conor, president & chief exec. officer; Donald C. Burgess, sr. v.p. & gen. merch. mgr.; Frank L. Marran, sr. v.p.-imports & mfg.; Irwin J. Lakin, v.p. & dir.-retail operations; William A. Oliver, v.p. & treasurer; Edward J. Fitzgerald, v.p. & merchandise manager; Lewis H. Weinstein, clerk; asst. vice presidents: Roger A. Beaulieu, mgr.-computer operations; John W. Crapo, buyer-women's shoes; Joseph T. Grobel-asst. treasurer; Daniel J. Hart, dir.-warehousing; James R. Morin, dir.-advertising; Milton M. Zalko, buyer-children's shoes; Donald Mish, buyer-athletic shoes.

Directors: C. Charles Marran, William A. Oliver, Herbert Rosen, Real O. Roy, Paul O'Conor.

Business Activities: Operates leased shoe departments in discount department stores; operates self-service discount shoe stores under the names "Sneaker Circus" and "Shoe Experience" in the Long Island, New York area; also has manufacturing subsidiaries in footwear and misses apparel.

Subsidiaries:

Fashion Gallery, Inc.
450 Summer Street
Boston, Massachusetts 02210

Operates 31 stores in Rhode Island, New Jersey and Massachusetts specializing in name brand women's apparel and footwear at discount prices.

Happy Legs, Inc.
20 Enterprise Avenue
Secaucus, New Jersey 07094
(201) 330-7700

Manufactures Junior and Missy apparel including pants and sportswear under the names "Feelin' Jazzie," H.L. Spencer, and H.L. Tops.

Transfer Agent(s):

State Street Bank and Trust Company
Boston, Massachusetts 02101

Stock Exchange(s): American

Ticker Symbol: SPN

Number of Leased Depts. & Stores: (at fiscal year end)

1985	254	1982	234
1984	246	1981	213
1983	253		

Sales and Earnings

	Net Sales ‡	Net Income
1985	$ 114,918,447	$ (5,657,370)
1984	100,696,178	1,284,929
1983	95,374,040	803,968
1982	86,118,552	(768,353)
1981	69,357,564	1,081,059

	No. of Com. Shares #	Earn. per Share #
1985	1,870,435	$ —
1984	1,800,410	0.71
1983	1,862,167	0.43
1982	1,850,292	—
1981	1,713,077	0.63

(Loss)
‡ Includes operating revenues; of continuing operations only.
# Based on the weighted daily average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.24	—	—
1984	0.17	—	—
1983	0.11	—	—
1982	0.20	—	—
1981	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 13,584,313	$ 7.26
1984	17,997,969	10.00
1983	16,867,744	9.05
1982	17,087,326	9.23
1981	18,444,784	10.77

‡ Based on the weighted daily average number of shares outstanding.

Income Account

Year ended	6/1/85	6/2/84
Net sales	$ 114,918,447	$ 100,696,178
Cost of sales	82,002,385	64,559,855
Expenses	36,280,009	31,161,385
Depreciation & amortization	1,517,607	1,084,856
Interest expense	2,449,642	1,386,385
Interest income	(28,581)	(48,872)
Legal fees	—	(137,600)
Offering expenses	—	162,000
Other expense (income)	(273,075)	74,796
Income (loss) bef. taxes	$ (7,029,540)	$ 2,453,373
Income taxes (credit)	(1,372,170)	1,168,444
Net Income (Loss)	$ (5,657,370)	$ 1,284,929

Assets

As of	6/1/85	6/2/84
Cash	$ 1,837,240	$ 1,341,017
Leased departments	138,131	621,175
Marketable securities	184,576	485,022
Accts. & notes receiv., net	821,063	1,309,038
Refundable taxes	2,595,500	697,474
*Inventories	21,436,595	25,034,123
Prepaid expenses	599,530	636,593
Current Assets	$ 27,612,655	$ 30,124,442
#Fixed assets	6,128,794	4,867,171
Intangibles & other assets	812,426	973,169
Total Assets	$ 34,553,875	$ 35,964,782

Liabilities

Notes payable	$ 4,250,000	$ 1,000,000
Long-term debt, curr.	600,000	807,380
Accts. payable	14,131,097	13,327,552
Accrued taxes	487,976	695,558
Accrued payroll	986,882	1,081,312
Curr. Liabilities	$ 20,455,955	$ 16,911,802
Long-term debt	513,607	1,055,011
+ Common stock	2,092,933	2,075,933
Add. paid-in capital	6,948,691	6,084,538
Retained earnings	7,191,904	13,293,827
Treasury stock	(455,587)	(1,164,251)
Acct. receiv.-emp. stock trust	(2,193,628)	(2,292,078)
Total Liabilities & Shareholders' Equity	$ 34,553,875	$ 35,964,782

* At lower of cost (FIFO) or market for mfg., and the retail method for the retail division.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.44
%Net Income to Sales	—	1.28
%Net Income to Equity	—	7.14
Sales to Inventories	5.36	4.02
Debt to Equity	0.39	0.16
Working Capital	$ 7,156,700	$13,212,640
Current Ratio	1.35	1.78
Shareholders' Equity	$13,584,313	$17,997,969

Sprouse-Reitz Stores

P.O. Box 8996
1411 S.W. Morrison Street
Portland, Oregon 97208
(503) 224-8220

Officers: J.A. Sprouse, chairman of the board & chief exec. officer; R.A. Sprouse, II, president & chief operating officer; J.L. Goss, v.p.-treasurer; Jerol C. Downer, v.p.-store operations; J.E. Sprouse, v.p.-merchandise & secretary.

Directors: J.A. Sprouse, Frederick H. Torp, R.A. Sprouse, John E. Sprouse.

Business Activities: Operates a chain of variety stores in Oregon, Washington, California, Utah, Montana, Texas, Nevada, New Mexico, Arizona, Idaho and Wyoming.

Transfer Agent(s):

Corporate Trust Department
U.S. National Bank of Oregon
P.O. Box 3850
Portland, Oregon 97208

Stock Exchange(s): Over-the-Counter

Ticker Symbol: STRS (NASDAQ)

Number of Stores: (at fiscal year end)

1985	322	1982	322
1984	317	1981	325
1983	320		

Sales and Earnings

	Net Sales	Net Income
1985	$ 202,793,310	$ 3,520,571
1984	182,665,648	4,941,967
1983	159,150,115	4,438,241
1982	150,544,602	3,679,524
1981	151,573,441	4,607,280

	No. of Com. Shares +	Earn. per Share ‡
1985	1,438,552	$ 2.45
1984	1,434,120	3.45
1983	1,434,140	3.09
1982	1,434,200	2.57
1981	1,434,610	3.21

+ Adjusted to reflect stock split.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1985	$0.65	—	10-for-1
1984	0.60	—	—
1983	0.55	—	—
1982	0.50	—	—
1981	0.66	—	—

Common Stock Equity

	Total Equity	Equity Per share ‡
1985	$ 57,401,182	$ 39.90
1984	54,825,914	38.23
1983	50,402,888	35.15
1982	46,604,138	32.60
1981	43,795,870	30.53

‡ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1985	1984
Net sales	$ 202,793,310	$ 182,665,648
Cost of sales	148,636,387	130,325,837
Expenses	47,915,926	43,440,900
Interest expense	135,438	57,120
Other income	(117,012)	(584,176)
Income bef. taxes	$ 6,222,571	$ 9,425,967
Income taxes	2,702,000	4,484,000
Net Income	$ 3,520,571	$ 4,941,967

* Included in Costs and Expenses, Depreciation and Amortization: $1,686,354 in 1985 and $1,539,687 in 1984.

Assets

As of Dec. 31	1985	1984
Cash and short-term investments	$ 2,894,405	$ 6,509,336
Receiv., net	1,722,520	622,286
*Inventories	59,452,270	55,096,738
Prepaid expense	511,059	269,417
Current Assets	$ 64,580,254	$ 62,497,777
#Fixed assets	15,706,567	11,936,002
Other assets	658,825	743,644
Total Assets	$ 80,945,646	$ 75,177,423

Liabilities

Long-term debt, curr.	198,000	77,500
Accts. payable	$ 13,751,378	$ 11,596,647
Accruals	5,442,096	5,235,913
Income taxes	46,457	235,387
Curr. Liabilities	$ 19,437,931	$ 17,145,447
Long-term debt	1,293,100	1,013,651
Deferred tax credits	721,433	530,411
Deferred inc. taxes	2,092,000	1,662,000
+ Common stock:		
Voting	3,482,440	3,486,464
Nonvoting	10,857,350	10,900,188
Retained earnings	43,061,392	40,472,980
Treasury stock	—	(33,718)
Total Liabilities & Shareholders' Equity	$ 80,945,646	$ 75,177,423

* At lower of cost (principally LIFO) or market.
# Less accumulated depreciation and amortization.
+ $100 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.07	5.16
%Net Income to Sales	1.74	2.71
%Net Income to Equity	6.13	9.01
Sales to Inventories	3.41	3.32
Debt to Equity	0.03	0.02
Working Capital	$45,142,323	$45,352,330
Current Ratio	3.32	3.65
Shareholders' Equity	$57,401,182	$54,825,914

Standard Brands Paint Company

4300 West 190th Street
Torrance, California 90509
(213) 214-2411

Officers: Stuart D. Buchalter, chairman of the board & chief executive officer; Marvin Wager, president & chief operating officer; Eric Beck, exec. v.p.; Sheldon Abrams, controller; Victor Loewenstein, v.p.-administration; Paul M. Ozawa, v.p.-finance, chief financial officer & treasurer; Wallace Steadman, v.p.-human resources; Alfred Applerose, v.p.-real estate; Dorothy Cvetas, secretary.

Directors: Irwin R. Buchalter*, Marvyn Carton, Richard H. Loeffler*, Marvin Wager*, Stuart D. Buchalter*, Sid Greenberg*, Gerald M. Lusking, Linda Wachner, Wayne H. Fisher.

* Member of the Executive Committee.

Business Activities: Owns and operates retail paint and decorating centers in 11 western states. Operates two art materials retail stores in Los Angeles and Pasadena, California under the name of The Art Stores. Also manufactures paint and paint products.

Divisions:

Major Paint Company
4300 West 190th Street
Torrance, California 90509
(213) 542-5901

Produces paint and paint products.

Subsidiaries:

KWAL Paints
Denver, Colorado

Retails paint and wallcoverings through KWAL Paint Center Stores in Colorado, Wyoming and Nebraska. Also manufactures its own brand paint.

Enterprise Wallcoverings, Inc.

Distributes a line of moderately priced wallcoverings in the western United States.

Zynolyte Products Company

Distributes lines of aerosol spray and specialty paint finishes.

Acquisition(s):

Howells, Inc.
Salt Lake City, Utah

Manufacture and retail sale of paint and wallcoverings in Utah, Idaho, and Colorado.

Transfer Agent(s):

The Bank of New York
New York, New York

City National Bank
Beverly Hills, California

Stock Exchange(s): New York

Ticker Symbol: SBP

Number of Stores: (at fiscal year end)

1985	133	1982	123
1984	124	1981	88
1983	116		

Sales and Earnings

	Net Sales	Net Income
1986	$ 337,968,000	$ 15,808,000
1985	314,927,000	20,779,000
1984	296,814,000	18,575,000
1983 +	260,489,000	13,352,000
1982	250,723,000	14,814,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	11,271,000	$ 1.40
1985	11,140,000	1.87
1984	11,081,000	1.68
1983 +	10,928,000	1.22
1982	10,856,000	1.37

+ Unaudited.
‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.555	—	—
1985	0.53	—	—
1984	0.4875	—	2-for-1
1983	0.4425	—	—
1982	0.435	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Tangible Stockholders' Equity	Equity Per Share †
1986	$ 166,050,000	$ 14.69
1985	153,816,000	13.79
1984	138,625,000	12.46
1983	122,687,000	11.15
1982	121,484,000	11.08

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *
(000's)

Year ended Sept. 30	1986	1985
Net sales	$ 337,968	$ 314,927
Cost of sales	194,532	173,849
Expenses	116,833	103,663
Oper. profit	$ 26,603	$ 37,415
Interest income	(1,978)	(332)
Interest expense	3,037	799
Gain on dispos.	(1,561)	(2,329)
Income before taxes	$ 27,105	$ 39,277
Income taxes	(1,561)	18,498
Net Income	$ 15,808	$ 20,779

* Included in Costs and Expenses, Depreciation and Amortization: $5,842,000 in 1986 and $4,798,000 in 1985.

Assets
(000's)

As of Sept. 30	1986	1985
Cash & short-term invest.	$ 18,466	$ 6,714
Receiv., net	10,387	7,279
Income taxes	4,418	—
Notes receiv.	2,968	—

Standard Brands Paint Company

*Inventories	69,767	67,981
Prepaid expenses	7,470	5,442
Current Assets	$ 113,476	$ 87,416
#Fixed assets	122,630	107,085
Intangibles	3,135	2,521
Total Assets	$ 239,241	$ 197,022

Liabilities
(000's)

Long-term debt, curr.	$ 2,328	$ 2,370
Notes payable	1,175	5,000
Accts. payable & accruals	21,899	19,229
Curr. Liabilities	$ 25,402	$ 26,599
Convertible subord. debt	30,000	—
Def. inc. taxes	5,458	3,318
Long-term debt	9,196	10,768
+Common stock	11,307	11,151
Add. paid-in capital	7,549	4,431
Retained earnings	150,329	140,755
Total Liabilities & Shareholders' Equity	$ 239,241	$ 197,022

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.02	12.47
%Net Income to Sales	4.68	6.60
%Net Income to Equity	9.34	13.29
Sales to Inventories	4.84	4.63
Debt to Equity	0.08	0.12
Working Capital	$ 88,074,000	$ 60,817,000
Current Ratio	4.47	3.29
Shareholders' Equity	$169,185,000	$156,337,000

Standex International Corporation

6 Manor Parkway
Salem, New Hampshire 03079
(603) 893-9701

Officers: Daniel E. Hogan, chairman of the board & chief exec. officer; Thomas L. King, president, chief operating officer; Samuel S. Dennis, III, v.p.; Robert E. Masotta, exec. v.p.; John M. Wall, v.p.-industrial relations; John J. Bentley, controller; Arthur G. Houghton, v.p.-operations; Thomas H. DeWitt, v.p., general counsel & sec.; Norman B. Asher, Charles F. Hartsock, Suzanne Zabitchuck, asst. secretaries; Lindsay M. Sedwick, treasurer.

Directors: Daniel E. Hogan*, Edward C. Bloomberg, John Bolten, Jr., William Brewster, William L. Brown*, Warren S. Cooper*, Samuel S. Dennis, III*, Thomas L. King*, John Hill, C. Kevin Landry, Sol Sackel, Daniel B. Hogan, Robert E. Masotta*, H. Nicholas Muller, III.

* Member of the Executive Committee.

Business Activities: The Electronics Group manufactures electronic components, inductors, capacitors, connectors, reed switches and reed relays. The Industrial Group manufactures embossing rolls and plates, mold engraving, specialty converting and finishing machinery and systems; ducting for heating, air-conditioning, and ventilation systems; power metal spinning of components for aerospace, energy systems, and industrial applications. The Consumer Products Group manufactures and sells pine furniture and furnishings through its Yield House mail order operation and manages a chain of 14 Yield House retail stores; sells grapefruit and other gift packages and fund raising supplies through other mail order operations. The Institutional Products Group manufactures patient feeding systems, handblown glassware, barbecuing and baking equipment, candlelamps and candles, food waste disposers, refrigeration equipment, slicing machines and choppers, casters and wheels, and food racks, cabinets and carts. The Industrial Group manufactures institutional furniture and carbonator pumps. The Graphics Group publishes religious literature and manufactures election supplies; manufactures commercial printing products and educational materials and specialized binding systems; operates a chain of 27 religious retail bookstores.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: SXI

Number of Stores: (at fiscal year end)

1985	43	1982	39
1984	44	1981	10
1983	40		

Sales and Earnings

	Net Sales	Net Income
1985	$ 375,275,000	$ 18,568,000
1984	378,547,000	20,006,000
1983	357,731,000	16,099,000
1982	365,658,000	13,536,000
1981	369,874,000	15,208,000

	No. of Com. Shares #	Earn. per Share #
1985	13,601,000	$ 1.37
1984	13,854,000	1.44
1983	13,612,000	1.18
1982	13,490,000	1.00
1981	13,425,000	1.13

# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1985	1984
Graphics	$ 100,992	$ 94,832
Consumer	64,380	78,233
Institutional	107,816	100,660
Electronics	14,798	17,214
Industrial	86,823	87,213
General, corporate & other	466	395
Total	$ 375,275	$ 378,547

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.52	—	—
1984	0.50	—	2-for-1
1983	0.48	—	—
1982	0.47	—	—
1981	0.44	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 147,251,000	$ 10.94
1984	144,019,000	10.39
1983	132,614,000	9.72
1982	131,944,000	9.78
1981	127,854,000	9.49

‡ Adjusted to reflect stock split.

Income Account

Year ended June 30	1985	1984
Net sales	$ 375,274,925	$ 378,547,064
Other income	3,535,726	2,216,482
Total Income	$ 378,810,651	$ 380,763,546
Cost of sales	237,867,112	233,227,590
Expenses	97,478,324	100,954,089
Depreciation & amortization	7,389,776	7,500,924
Interest expense	2,927,193	3,551,534
Income before taxes	$ 33,148,246	$ 35,529,409
Income taxes	14,580,000	15,523,000
Net Income	$ 18,568,246	$ 20,006,409

Assets

As of June 30	1985	1984
Cash	$ 5,98,045	$ 8,928,725
Receiv., net	48,595,817	50,303,335
*Inventories	77,203,629	83,915,802
Prepaid expenses	3,789,984	4,183,111
Current Assets	$ 134,786,975	$ 147,330,973
#Fixed assets	66,369,499	68,903,180
Receivables	6,268,035	7,180,535
Intangibles	11,082,601	11,307,537
Total Assets	$ 218,507,110	$ 234,722,225

Liabilities

Notes payable & long-term debt, curr.	$ 6,998,042	$ 5,553,762
Accts. payable	16,751,932	21,965,018
Accruals	3,363,680	4,575,974
Accrued payroll	12,765,957	12,757,167
Income taxes	3,009,717	5,834,609
Curr. Liabilities	$ 42,889,328	$ 50,686,530
Long-term debt	19,942,615	32,205,018
Deferred inc. taxes	6,494,000	5,258,000
Other liab.	1,930,177	2,553,463
+Common stock	20,988,209	20,979,959
Add. paid-in capital	6,345,464	6,557,026
Retained earnings	137,442,570	125,833,280
Cum. trans. adjust.	(9,206,277)	(7,817,352)
Treasury stock	(6,818,976)	(1,533,699)
Bank loan	(1,500,000)	—
Total Liabilities & Shareholders' Equity	$ 218,507,110	$ 234,722,225

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	8.83	9.39
%Net Income to Sales	4.95	5.29
%Net Income to Equity	12.61	13.89
Sales to Inventories	4.86	4.51
Debt to Equity	0.18	0.26
Working Capital	$ 91,897,647	$ 96,644,443
Current Ratio	3.14	2.91
Shareholders' Equity	$147,250,990	$144,019,214

Steinberg Inc.

Alexis Nihon Plaza
1500 Atwater Avenue
Montreal, Quebec, Canada H3Z 1Y3
(514) 931-9131

Officers: Melvyn A. Dobrin, chairman of the board; Irving Ludmer, president & chief executive officer; William Cleman, exec. v.p.-real estate & expansion; Jean-Roch Vachon, exec. v.p.-food retailing, Canada; H. Arnold Steinberg, exec. v.p.-finance & development; Michael Kershaw, group v.p. & gen. mgr.-Miracle Mart Division; Leslie Mann, group v.p. & gen. mgr.-Ontario Division; Henri Tremblay, group v.p.-human resources; William Howieson, group v.p.-treasurer and comptroller; Diane Marcelin Laurin, v.p.-general counsel & secretary; Pierre de Grandpré, v.p.; Alain Bilodeau, v.p.-labour relations; Morris Ladenheim, group v.p. and general manager-Valdi Foods Inc.; Douglas R. Stewart, group v.p. and general manager-Quebec division; Pierre L. Mignault, v.p.-corp. development; Michel Béland, assistant secretary.

Directors: Donald G. Campbell, André Charron, J.V. Raymond Cyr*, Melvyn Dobrin*, Mitzi S. Dobrin*, Lazarus Phillips, Gérard Plourde*, H. Arnold Steinberg*, Irving Ludmer*, Mark LaLonde.

*Member of the Executive Committee.

Business Activities: Operates food stores in the provinces of Quebec, New Brunswick, and Ontario. Also operates discount department stores under the name of Miracle Mart. Businesses include restaurants, flour milling, bakery and food processing operations, with restaurant activities in Manitoba, and box stores in Ontario, Manitoba, Saskatchewan and Alberta.

Divisions:

Quebec Division
5400 Hochelega
Montreal, Quebec
(514) 252-7411
Operates food stores in Quebec and eastern Ontario.

Ontario Division
75 Rexdale Boulevard
Rexdale, Ontario
(416) 743-8180
Operates food stores in southwestern Ontario.

Miracle Mart Division
5151 Thimens Boulevard
Ville St. Laurent, Avenue
Montreal H4R 2C8 Quebec, Canada
(514) 333-6111
Operates 31 department stores.

Subsidiaries:

Smitty Super Value, Inc.
Phoenix, Arizona
Operates supermarket-department stores in the U.S. Southwest.

Multi Restaurants Inc.
Alexis Nihon Plaza
1500 Atwater Avenue
Montreal 216, Quebec, Canada
(514) 931-9131
Operates fast food restaurants.

Valdi Foods Inc.
155 Rexdale Blvd.
Rexdale, Ontario, Canada M9W 5Z8

Ivanhoe Inc.
Alexis Nihon Plaza
1500 Atwater Avenue
Montreal, Quebec, Canada
(514) 931-9131
Engaged in ownership and development of shopping centers.

Franchise Plus Inc.
Montreal, Quebec
Franchise operation servicing a chain of convenience stores in Quebec, operating under the name La Maisonneqe.

Oak Pharmacies Limited
Steinberg B.V.

Transfer Agent(s):

Montreal Trust Company
Montreal, Halifax, Toronto, Winnipeg, Regina, Calgary & Vancouver, Canada.

Stock Exchange(s): Toronto, Montreal

Ticker Symbol: SBG

	Supermarkets	Dept. Stores	Restaurants	Grocery Stores
1985 . . .	239	31	173	66
1984 . . .	241	32	189	88
1983 . . .	242	32	198	85
1982 . . .	246	32	196	70
1981 . . .	227	32	200	44

Sales and Earnings +

	Net Sales † (000's)	Net Income × (000's)
1985	$ 3,908,428	$ 73,634
1984	3,452,275	15,021
1983	3,357,942	13,392
1982*	3,303,756	34,103
1981	2,813,376	39,480

	No. of Com. Shares ‡	Earn. per Share ‡ ×
1985	16,752,576	$ 4.19
1984	14,252,576	0.24
1983	14,252,576	0.36
1982*	14,252,576	2.05
1981	14,229,776	2.43

+ In Canadian dollars.
* 53 weeks.
‡ Based on class A and Common Shares combined adjusted to reflect stock split.
† Includes operating revenues.
× Including extraordinary gain of $1,313,000 ($0.09 per share) in 1983 and extraordinary loss of $1,162,000 ($0.08 per share) in 1981.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1985	$0.50	—	2-for-1
1984	0.50	—	—
1983	0.70	—	—
1982	0.65	—	—
1981	0.50	—	—

# Paid on Class A and common stock adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share ‡‡
1985	$ 382,059,000	$ 22.81
1984	276,250,000	19.38
1983	275,799,000	19.35
1982	281,073,000	19.72
1981	260,406,000	18.30

‡ After allowing for cum. redeem. preferred shares, series A at par value of $100; second preferred shares, series one and two, at par value of $25; second preference shares, series A at redemption value of $25 and series B at stated value (U.S. $25.); third preferred shares, series I at redemption value of $30.24.
‡‡ Based on Class A and common stock combined adjusted to reflect stock split.

Income Account
(000's)

Year ended	7/27/85	7/28/84
Net sales & oper. rev.	$ 3,908,428	$ 3,452,275
Cost of sales & expenses	3,097,180	2,745,157
Wages & empl. benefits	624,644	574,277
Rentals	45,559	43,255
Depreciation & amortization	47,192	43,585
Interest exp.	42,318	39,494
Interest income	(15,571)	(11,351)
Other income	(15,358)	(12,223)
Income before taxes	$ 82,464	$ 30,081
Income taxes	8,451	14,725
Minority interest	379	335
Net Income	$ 73,634	$ 15,021

Assets
(000's)

As of	7/27/85	7/28/84
Cash & invest.	$ 156,196	$ 76,594
Accts. receiv., net	47,033	43,133
*Inventories	343,536	314,765
Prepaid expenses	23,411	19,632
Deferred inc. taxes	898	—
Current Assets	$ 571,074	$ 454,124
#Fixed assets-real estate	195,140	193,341
#Fixed assets-retail & mfg.	283,170	273,707
Intangibles	63,061	54,188
Other assets	34,213	37,594
Total Assets	$ 1,146,658	$ 1,012,954

Liabilities
(000's)

Notes payable	$ —	$ 40,911
Long-term debt, curr	7,283	25,617
Accts. payable & accruals	306,218	246,284
Dividends payable	24	26
Income taxes	1,039	2,551
Def. inc. taxes	—	4,309
Curr. Liabilities	$ 314,564	$ 319,698
Long-term debt	293,258	265,930
Minority interest	1,358	1,266
Deferred inc. taxes	15,989	8,102
+ Series A, 5¼% preferred	1,819	1,971
+ + $1.95 second preferred	37,419	38,795
+ + var. rate second preferred	19,250	20,000
+ + + $2.9375 series A	35,625	35,625
+ + + U.S. $2.875 series B	20,143	20,143
+ + + $2.72 third preferred	25,174	25,174
+ + + Class A	76,015	22,890
+ + + Common stock	12,176	12,176
Add. paid-in capital	2,334	2,077
Retained earnings	286,212	235,106
Cum. trans adj.	5,322	4,001
Total Liabilities Shareholders' Equity	$ 1,146,658	$ 1,012,954

* At lower of cost and net realizable value.
# Less accumulated depreciation and amortization.
+ $100 par value.
+ + $25 par value.
+ + + No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.11	0.87
%Net Income to Sales	1.88	0.44
%Net Income to Equity	14.12	3.59
Debt to Equity	0.58	0.80
Working Capital	$256,510,000	$134,426,000
Current Ratio	1.82	1.42
Shareholders' Equity	$521,489,000	$417,958,000

The Stop & Shop Companies, Inc.

P.O. Box 369
Boston, Massachusetts 02101
(617) 770-8000

Officers: Avram J. Goldberg, chairman & chief executive officer; Carol R. Goldberg,-president & chief operating officer; Robert J. Levin, vice chairman of the board; Anthony DiNardo, sr. v.p.; Harold Frank, sr. v.p., chairman & C.E.O.-Bradlees Dept. Stores; Albert S. Frager, sr. v.p., treasurer & chief financial officer; Jack Kushinsky, sr. v.p. & president-Stop & Shop Manufacturing Co.; Lewis G. Schaeneman, Jr., sr. v.p. & president & C.F.O.-Stop & Shop Supermarket Co.; James V. Morgan, v.p.-labor relations; Samuel W.W. Mandell, v.p.-gen. counsel, clerk & secretary; Harold E. Fine, v.p.-engineering & construction; Arthur S. Robbins, v.p.-financial services & asst. treasurer; Charles Richards, v.p.-corporate properties; Joseph D. McGlinchey, v.p.-finance & chief accounting officer; William Vaughn, III, v.p.-distribution & labor relations; Rufus E. Lester, group v.p.-public policy & technical affairs; Edward W. Barr, v.p.-personnel; Aileen Gorman, v.p.-public affairs; Glenn E. Davis, controller; Paul H. Freischlag, asst. treasurer & director-taxes.

Directors: Clifton B. Cox, Julian I. Edison, Avram J. Goldberg*, Irving W. Rabb*, Norman S. Rabb, William W. Wolbach, Albert S. Frager*, Carol R. Goldberg*, John G.L. Cabot, Phyllis A. Wallace, Robert J. Levin, Harold Frank, Roderick MacDougall.

* Member of the Executive Committee.

Business Activities: Operates Stop & Shop supermarkets, Bradlees self-service department stores; Almys department stores; drug stores under the name of Medi Mart Also operates the Charles B. Perkins Tobacco Shops and Off the Rax women's specialty stores. Manufacturing division operates the following: Bakery, dairy, seafood processing plant, carbonated beverage plant, recycling center, photo lab and commissary.

Divisions and Subsidiaries:

Bradlees Department Store Company
1 Bradlee Circle
Braintree, Massachusetts 02184
(617) 770-8000

Stop & Shop Supermarket Company
Quincy Center Plaza
Quincy, Massachusetts 02172
(617) 770-8000

Medi Mart Drug Store Company
Quincy Center Plaza
Quincy, Massachusetts 02172
(617) 770-8000

Charles B. Perkins Tobacco Shops
E.I. Nason Co. Inc.
Fargo Potato Company
Off the Rax specialty stores
Franklin Wholesalers, Inc.

Almy Stores Inc.
1400 Soldiers Field Road
Boston, Massachusetts 02135
(617) 782-5100

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York, Boston

Ticker Symbol: SHP

Number of Stores: (at fiscal year end)

	Bradlees	Other general merchandise stores	Supermarkets
1986	158	143	114
1985	132	135	119
1984	127	168	118
1983	106	175	120
1982	91	165	123

Sales and Earnings

	Net Sales + (000's)	Net Income + (000's)
1986	$ 3,689,076	$ 30,300
1985*	3,247,298	54,845
1984	2,790,799	50,801
1983	2,341,874	34,823
1982	2,168,148	24,531

	No. of Com. Shares †	Earn. per Share # +
1986	13,810,000	$ 2.20
1985*	13,748,000	4.60
1984	11,600,000	4.73
1983	10,253,000	3.43
1982	10,120,000	2.42

* 53 weeks.
+ Of continuing operations only.
† Adjusted to reflect stock splits.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	$1.08	—	—
1985	0.94	—	—
1984	0.73	—	2-for-1
1983	0.59	—	5-for-4
1982	0.52	—	—

# Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share#
1986	$ 405,670,000	$ 29.37
1985	388,830,000	28.28
1984	284,611,000	24.54
1983	181,455,000	17.70
1982	151,489,000	14.97

# Adjusted to reflect stock splits.

Income Account
(000's)

Year ended	2/1/86	2/2/85 (53 weeks)
Net sales	$ 3,689,076	$ 3,247,298
Cost of sales	2,748,842	2,409,492
Expenses	794,413	657,448
Depreciation & amortization	66,649	53,130
Amort. of prop. under cap. leases	12,674	10,169
Interest expense	18,950	14,208
Raxton Corp.-disposition	—	2,500
Income before taxes	$ 47,548	$ 100,351
Income taxes	17,248	45,506
Net Income	$ 30,300	$ 54,845

Assets
(000's)

As of	2/1/86	2/2/85
Cash & market. secur.	$ 35,058	$ 48,720
Accts. receiv., net	40,050	37,074
*Inventories	481,650	410,130
Prepaid expenses	17,141	13,378
Current Assets	$ 573,899	$ 509,302
#Fixed assets	342,016	287,609
Cap. lease oblig.	124,668	82,348
Assets of discont. oper.	—	6,214
Def. lease acq. costs	67,016	43,636
Other assets	4,389	3,409
Total Assets	$ 1,111,988	$ 932,518

Liabilities
(000's)

Long-term debt, curr.	$ 10,364	$ 7,417
Cap. lease oblig., curr.	13,601	9,763
Accts. payable	249,035	225,073
Accruals	67,689	63,572
Income taxes	2,459	24,708
Curr. Liabilities	$ 343,148	$ 330,533
Long-term debt	227,528	108,900
Deferred credit	8,865	7,961
Oblig. under cap. lease	126,777	96,294
+ Common stock	13,929	13,892
Add. paid-in capital	130,012	128,900
Retained earnings	263,716	248,233
Treasury stock	(1,987)	(2,195)
Total Liabilities & Shareholders' Equity	$ 1,111,988	$ 932,518

* At lower of cost (FIFO) or market. Supermarket, grocery and Bradlees Dept. Stores at LIFO.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.29	3.09
%Net Income to Sales	0.82	1.69
%Net Income to Equity	7.47	14.11
Sales to Inventories	7.66	7.92
Debt to Equity	0.64	0.57
Working Capital	$230,751,000	$178,769,000
Current Ratio	1.67	1.54
Shareholders' Equity	$405,670,000	$388,830,000

Strawbridge & Clothier

801 Market Street
Philadelphia, Pennsylvania 19105
(215) 629-6000

Officers: Francis R. Strawbridge, III, chairman of the board; Peter S. Strawbridge, president; G. Stockton Strawbridge, chairman of the exec. comm.; James M. Gassaway, II, exec. v.p.-planning, development & research; Richard H. Hall, exec. v.p.-control, operations & personnel; Warren W. White, exec. v.p. & gen. mgr.-Clover Div., Steven L. Strawbridge, v.p., treasurer & secretary, David W. Strawbridge, v.p.-personnel; Robert G. Muskas, v.p.-stores; William A. Timmons, v.p.-sales promotion; George L. Compton, Finley H. Haiman, Natalie B. Weintraub, v.p.'s & general merch. mgrs.; Thomas S. Rittenhouse, v.p. & controller, William A. Rittmayer, v.p.-control & operations, Clover Div.; Louis F. Busico, v.p. & general merchandise manager, Clover Div.; G. Leonard Shea, v.p.-personnel & services, Clover Div.; Robert A. Hoffner, v.p.-stores, Clover Division; Louis F. Busico, v.p. & gen. mdse. mgr.

Directors: G. Stockton Strawbridge*, Randall E. Copeland, Frank R. Veale, Winthrop deV. Schwab, James M. Gassaway, II*, Francis R. Strawbridge, III*, Peter S. Strawbridge*, David W. Strawbridge*, Isaac H. Clothier, IV, Steven L. Strawbridge*, Warren W. White*, Margaret S. Clews, Anne C. Longstreth.

* Member of the Executive Committee.

Areas of Work: Operates department stores and discount variety stores in the Philadelphia metropolitan area, New Jersey and Delaware. The department stores operate under the Strawbridge & Clothier name; the discount variety stores operate under the Clover name.

Transfer Agent(s):

Mellon Bank (East) N.A. (preferred stock)
Corporate Trust Division
Four Mellon Bank Center
Philadelphia, Pennsylvania 19102

The Philadelphia National Bank (common stock)
Corporate Trust Division
P.O. Box 13834
Philadelphia, Pennsylvania 19101

Stock Exchange(s): Over-the-Counter

Ticker Symbol: STRW (NASDAQ)

Number of Stores: (at fiscal year end)

1985	33	1982	29
1984	33	1981	25
1983	29		

Sales and Earnings

	Net Sales ‡	Net Income
1986	$ 686,929,000	$ 24,086,000
1985*	630,496,682	24,675,406
1984	545,489,497	20,856,762
1983	471,932,903	14,096,410
1982	425,606,420	12,089,042

	No. of Com. Shares †	Earn. per Share †
1986	6,680,600	$ 3.59
1985*	7,949,844	3.09
1984	8,404,650	2.47
1983	8,321,718	1.68
1982	8,450,708	1.42

* 53 weeks.
‡ Includes leased department sales.
† Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.70	7%	—
1985	0.51	7%	3-for-2 & 2-for-1
1984	0.40	7%	—
1983	0.36	5%	—
1982	0.34	7%	—

+ Adjusted to reflect stock dividends and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 151,504,000	$ 22.62
1985	130,982,000	19.69
1984	159,735,000	18.91
1983	141,544,000	16.90
1982	130,107,000	15.66

† Adjusted to reflect stock dividends and stock splits.

Income Account

Year ended	2/1/86	2/2/85
Net sales	$ 686,929,000	$ 630,496,682
Other income	537,000	824,554
Total Income	$ 687,466,000	$ 631,321,236
Cost of sales	494,936,000	452,953,718
Expenses	102,922,000	93,773,357
Depreciation	14,815,000	13,395,972
Pension cost	3,158,000	2,973,615
Interest expense	18,258,000	15,113,995
Prov. for doubtful accts.	6,622,000	3,824,173
Income before taxes	$ 46,755,000	$ 49,286,406
Income taxes	22,669,000	24,611,000
Net Income	$ 24,086,000	$ 24,675,406

Assets

As of	2/1/86	2/2/85
Cash	$ 1,705,000	$ 1,963,854
Accts. receiv., net	154,616,000	145,473,029
*Inventories	98,520,000	86,114,685
Prepaid expenses	4,171,000	4,042,886
Current Assets	$ 259,012,000	$ 237,594,454
#Fixed assets	188,468,000	184,922,386
Other assets	7,331,000	8,116,343
Total Assets	$ 454,811,000	$ 430,633,183

Liabilities

Notes payable	$ 17,500,000	$ 23,500,000
Long-term debt & cap lease oblig., curr.	5,719,000	3,924,326
Accounts payable	44,906,000	39,014,674
Accruals	9,753,000	7,518,607
Deferred taxes	23,551,000	22,809,231
Other taxes	8,610,000	14,625,958
Curr. Liabilities	$ 110,039,000	$ 111,392,796
Long-term debt	105,790,000	101,032,172
Cap. lease oblig.	61,565,000	65,550,851
Other liab.	24,482,000	20,231,013
+ Redeem pref. stock	1,431,000	1,444,200
+ + Common stock	6,372,000	5,086,424
Add. paid-in capital	32,377,000	66,132,100
Retained earnings	115,752,000	110,990,398
Treasury stock	(2,997,000)	(51,226,771)
Total Liabilities & Shareholders' Equity	$ 454,811,000	$ 430,633,183

* At cost (LIFO method).
# Less accumulated depreciation.
+ $100 par value, $5 cumulative.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.81	7.82
%Net Income to Sales	3.51	3.91
%Net Income to Equity	15.90	18.84
Sales to Inventories	6.97	7.32
Debt to Equity	1.26	1.48
Working Capital	$148,973,000	$126,201,658
Current Ratio	2.35	2.13
Shareholders' Equity	$151,504,000	$130,982,151

The Stride Rite Corporation

5 Cambridge Center
Cambridge, Massachusetts 02142
(617) 491-8800

Officers: Arnold Hiatt, chairman & chief exec. officer; John J. Phelan, exec. v.p. & treasurer; Myles J. Slosberg, exec. v.p.; Irwin Miller, exec. v.p.; Steven B. Nichols, v.p.; Marcia Morris Cloutier, general counsel, secretary & clerk; John M. Kelliher, corp. controller; William E. Dawson, asst. treasurer; James F. Ridge, asst. secretary.

Directors: Arnold Hiatt, chairman of the board; Herbert H. Goldberger, Steven B. Nichols, John J. Phelan, Robert S. Pirie, Walter J. Salmon, Myles J. Slosberg, Joel E. Smilow.

Business Activities: Manufactures and markets children's footwear under the names Stride Rite, Keds and Zips; boating and recreational shoes and adult work boots and shoes under the names Sperry, Sperry Top-Sider, Herman and Herman Survivors; and casual and athletic footwear for children and adults under the names Keds, Pro-Keds and Grasshoppers. These products are sold through independent retail shoe stores, department stores, sporting good stores and marinas, as well as through its 159 Stride Rite Bootery stores, 29 Overland Trading Company stores, and 49 leased departments in leading department stores.

Subsidiaries:

Joseph M. Herman Shoe Company, Inc.
The Keds Corporation
Sperry Top-Sider, Inc.
Stride Rite Footwear, Inc.
Stride Rite International, Ltd.
Stride Rite Retail Corp.

Transfer Agent(s):

The First National Bank of Boston
Boston., Massachusetts

Stock Exchange(s): New York

Ticker Symbol: SRR

Number of Stores: (at fiscal year end)

1985 237

Sales and Earnings

	Net Sales	Net Income †
1985	$ 277,310,000	$ 11,178,000
1984	289,489,000	5,420,000
1983	301,698,000	16,803,000
1982	224,814,000	11,365,000
1981	194,829,000	9,165,000

	No. of Com. Shares	Earn. per Share †‡
1985	7,529,000	$ 1.49
1984	7,495,000	0.72
1983	7,495,000	2.35
1982	6,338,000	1.80
1981	6,336,000	1.48

† Including extraordinary gain of $489,000 ($0.07 per share) in 1985.
‡ Based on the weighted average number of common shares and common share equivalents outstanding

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.80	—	—
1984	0.80	—	—
1983	0.72	—	—
1982	0.67	—	—
1981	0.62	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 111,526,000	$ 14.81
1984	105,674,000	14.10
1983	105,983,000	14.14
1982	63,455,000	10.01
1981	56,179,000	8.87

Income Account *

Year ended	11/29/85	11/30/84
Net sales	$ 277,310,000	$ 289,489,000
Cost of sales	164,549,000	183,561,000
Expenses	96,419,000	96,043,000
Invest. income	(3,255,000)	(894,000)
Interest expense	1,991,000	2,782,000
Other expense (income)	54,000	(484,000)
Income before taxes	$ 17,552,000	$ 8,481,000
Income taxes	6,863,000	3,061,000
Net Income	$ 10,689,000	$ 5,420,000
Extraord. gain	489,000	—
Net Income & extraord. gain	$ 11,178,000	$ 5,420,000

* Included in Costs and Expenses, Depreciation and Amortization: $4,153,000 in 1985 and $4,452,000 in 1984.

Assets

As of	11/29/85	11/30/84
Cash & cash equiv.	$ 13,370,000	$ 15,624,000
Marketable securities	28,103,000	5,100,000
Accts. receiv., net	45,873,000	46,417,000
*Inventories	53,601,000	64,293,000
Deferred inc. taxes	7,539,000	7,420,000
Prepaid expenses	6,385,000	1,898,000
Current Assets	$ 154,871,000	$ 140,752,000
#Fixed assets	22,793,000	24,354,000
Other assets	1,792,000	2,240,000
Intangibles	2,017,000	2,108,000
Total Assets	$ 181,473,000	$ 169,454,000

Liabilities

Long-term debt, curr.	$ 2,096,000	$ 2,808,000
Accts. payable	21,596,000	14,335,000
Accruals	23,235,000	16,944,000
Curr. Liabilities	$ 46,927,000	$ 34,087,000
Long-term debt	12,603,000	24,668,000
Deferred inc. taxes	10,417,000	5,025,000
+ Common stock	7,603,000	7,603,000
Add. paid-in capital	30,112,000	29,652,000
Retained earnings	74,276,000	69,103,000
Treasury stock	(465,000)	(684,000)
Total Liabilities & Shareholders' Equity	$ 181,473,000	$ 169,454,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.33	2.93
%Net Income to Sales	3.85	1.87
%Net Income to Equity	9.58	5.13
Sales to Inventories	5.17	4.50
Debt to Equity	0.13	0.26
Working Capital	$107,944,000	$106,665,000
Current Ratio	3.30	4.13
Shareholders' Equity	$111,526,000	$105,674,000

Suave Shoe Corporation

14100 Northwest 60th Avenue
Miami Lakes, Florida 33014
(305) 822-7880

Officers: David Egozi, chairman of the board, president & chief executive officer; Eugene D. Ramos, sr. v.p. & gen. mgr., shoe mfg. div.; Solomon Garazi, sr. v.p.-shoe import div.; Saul Ginzburg, v.p.-merchandising & sales, shoe import div.; Luis Arrizurieta, v.p.-finance & administration, shoe import div.; Pedro Mirones, secretary & asst. gen. mgr.-shoe manufacturing division; Carlos Alvarado, v.p.-management information systems, shoe mfg. division; Francisco Llaca, v.p.-mktg., shoe import div.; Luis Egozi, v.p.-marketing, shoe manufacturing division; Sergio Echeverria, v.p.-finance & controller, shoe manufacturing division; Jose Marroquin, asst. secretary.

Suave Shoe Corporation

Directors: David Egozi*, chairman; Solomon Garazi*, Saul Ginzburg, Charles Dascal, E. Moulton Prussing, Larry J. Hoffman, Joel Newman, Luis Egozi.

* Member of the Executive Committee.

Business Activities: Manufactures, designs, imports and markets men's, boys', women's and girls' footwear.

Divisions and Subsidiaries:

Shoe Manufacturing Division

Rainbow Footwear Corporation
Florida Coating Industries Corporation

Shoe Import Division

Oriental Trading Corporation
Shoe Supply, Inc.
Universe Shoe Corporation of Florida

Shoe Retail Division

Steffi, Inc.

Bari of Florida, Inc.
Operates 18 shoe stores under the names Bari and Steffi in central and northern Florida.

Transfer Agent(s):

Southeast Bank, N.A.
P.O. Box 014078
Miami, Florida 33131

Stock Exchange(s): New York

Ticker Symbol: SWV

Number of Stores: (at fiscal year end

1985	18	1982	14
1984	18	1981	11
1983	18		

Sales and Earnings

	Net Sales	Net Income
1985	$ 84,023,000	$ (5,440,000)
1984	96,430,000	(256,000)
1983	111,522,000	2,031,000
1982	121,871,000	6,654,000
1981	117,036,000	5,722,000

	No. of Com. Shares +	Earn. per Share ‡
1985	2,637,170	$ —
1984	2,637,170	—
1983	2,823,873	0.69
1982	3,065,773	2.06
1981	3,273,029	1.75

(Loss)
+ Adjusted to reflect stock dividend.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$ —	—	—
1984	0.225	—	—
1983	0.30	—	—
1982	0.30	—	—
1981	0.19	10%	—

+ Adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 23,617,000	$ 8.96
1984	29,057,000	11.02
1983	31,467,000	11.14
1982	32,456,000	10.59
1981	28,750,000	8.78

‡ Adjusted to reflect stock dividend.

Income Account *

Year ended Sept. 30	1985	1984
Net sales	$ 84,023,000	$ 96,430,000
Cost of sales	76,023,000	81,944,000
Expenses	14,606,000	14,888,000
Interest & finance exp.	1,454,000	936,000
Loss on disposition	(2,224,000)	—
Loss before taxes	$ (10,284,000)	$ (1,338,000)
Tax credit	(4,733,000)	(925,000)
Eq. in inc. of affil.	(111,000)	(157,000)
Net Loss	$ (5,440,000)	$ (256,000)

* Included in Costs and Expenses, Depreciation and Amortization: $1,980,000 in 1985 and $1,958,000 in 1984.

Assets

As of Sept. 30	1985	1984
Cash	$ 1,513,000	$ 2,404,000
Accts. receiv., net	13,260,000	15,473,000
Inc. tax refund receiv.	4,460,000	2,181,000
*Inventories	12,321,000	15,005,000
Prepaid exp. & assets	410,000	427,000
Current Assets	$ 31,964,000	$ 35,490,000
Investments & adv.	1,796,000	1,679,000
#Fixed assets	7,279,000	9,959,000
Other assets	886,000	1,107,000
Total Assets	$ 41,925,000	$ 48,235,000

Liabilities

Notes payable	$ 2,525,000	$ 907,000
Long-term debt, curr.	1,086,000	1,185,000
Accts. payable	2,149,000	3,562,000
Accruals	2,098,000	1,426,000
Accrued payroll	1,049,000	1,309,000
Curr. Liabilities	$ 8,907,000	$ 8,389,000
Long-term debt	362,000	1,448,000
Conv. deb. 5%	5,354,000	5,354,000
Deferred inc. taxes	1,491,000	1,850,000
Deferred comp.	2,019,000	1,962,000
Minority interest	175,000	175,000
+ Common stock	36,000	36,000
Add. paid-in capital	7,189,000	7,189,000
Retained earnings	23,490,000	28,930,000
Treasury stock	(7,098,000)	(7,098,000)
Total Liabilities & Shareholders' Equity	$ 41,925,000	$ 48,235,000

* At lower of cost (primarily LIFO) or market.
# Less accumulated depreciation.
+ $0.01 par value.

Statistical Summary

Sales to Inventories	6.82	6.43
Debt to Equity	0.17	0.12
Working Capital	$23,057,000	$27,101,000
Current Ratio	3.59	4.23
Shareholders' Equity	$23,617,000	$29,057,000

Sunshine-Jr. Stores, Inc.

P.O. Box 2498
Panama City, Florida 32402
(904) 769-1661

Officers: Leona J. Lewis, chairman; Lana Jane Lewis-Brent, vice chairman, president & chief exec. officer; John Eaves, v.p.-finance & accounting & chief financial officer; Harold Millis, v.p.-real estate, construction & maintenance; James Burkhalter, dir. of gasoline marketing; Ralph Stephens, dir. of purchasing & distribution; Thomas Strode, personnel mgr.; Helen Carney, asst. to president/corp. communications; Ernest Collins, secretary; Ralph W. Lake v.p.-retail operations.

Directors: Leona J. Lewis, Lana Jane Lewis-Brent, Ernest Collins, Buford F. Ennis, Roberta Fox, Harold C. Pope, Wilbur Brewton.

Business Activities: Owns and operates supermarkets and convenience stores offering self-service gasoline. Units are located in Florida, Alabama, Georgia, Mississippi, and Louisiana.

Divisions:

Jr. Food Store Division
1136 Beck Avenue
Panama City, Florida 32401
(904) 784-0433

Sunshine Supermarket Division
June Avenue & 17th Street
Panama City, Florida 32401
(904) 769-1661

Transfer Agent(s):

Mercantile Trust Company, N.A.
St. Louis, Missouri 63166

Stock Exchange(s): American

Ticker Symbol: SJS

Number of Stores: (at fiscal year end)

1985	340	1982	365
1984	342	1981	361
1983	352		

Sales and Earnings

	Net Sales	Net Income
1985	$ 183,087,562	$ 2,497,098
1984	181,891,524	2,218,687
1983	169,272,584	1,817,617
1982	172,322,216	1,781,942
1981	178,763,837	1,994,054

	No. of Com. Shares ‡	Earn. per Share ‡
1985	1,701,650	$ 1.47
1984	1,701,650	1.30
1983	1,701,650	1.07
1982	1,701,650	1.05
1981	1,701,650	1.17

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1985	1984
Convenience stores	$ 165,700,000	$ 160,995,024
Supermarkets	17,300,000	20,896,500
Total	$ 183,000,000	$ 181,891,524

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.48	—	—
1984	0.48	—	—
1983	0.48	—	—
1982	0.48	—	—
1981	0.44	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1985	$ 20,970,611	$ 12.32
1984	19,290,305	11.34
1983	17,888,410	10.51
1982	16,887,585	9.92
1981	15,922,435	9.36

# Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1985	1984
Net sales	$ 183,087,562	$ 181,891,524
Cost of sales	143,853,035	144,183,534
Expenses	35,920,179	35,143,632
Other income	(1,134,378)	(1,185,827)
Income before taxes	$ 4,448,726	$ 3,750,185

Income taxes	1,951,628	1,531,498
Net Income	$ 2,497,098	$ 2,218,687

* Included in Costs and Expenses. Depreciation and Amortization: $2,449,097 in 1985 and $2,141,053 in 1984.

Assets

As of Dec. 31	1985	1984
Cash	$ 2,538,768	$ 2,186,465
Accts. receiv., net	499,701	479,172
*Inventories	10,855,834	10,235,233
Prepaid expenses	287,050	48,703
Deferred inc. tax benefits	303,251	245,081
Current Assets	$ 14,484,604	$ 13,194,654
#Fixed assets	25,668,423	18.981.220
Other assets	490,036	572,067
Total Assets	$ 40,643,063	$ 32,747,941

Liabilities

	1985	1984
Long-term debt, curr.	$ 990,703	$ 890,726
Accts. payable	8,492,404	7,037,954
Accrued payroll	732,867	709,161
Income taxes	41,306	140,268
Local taxes	579,841	600,070
Curr. Liabilities	$ 10,837,121	$ 9,378,179
Deferred credits	1,586,008	1,159,426
Long-term debt.	7,249,323	2,920,031
+Common stock	170,165	170,165
Add. paid-in capital	5,124,245	5,124,245
Retained earnings	15,676,201	13,995,895
Total Liabilities & Shareholders' Equity	$ 40,643,063	$ 32,747,941

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.43	2.06
%Net Income to Sales	1.36	1.22
%Net Income to Equity	11.91	11.50
Sales to Inventories	16.87	17.77
Debt to Equity	0.39	0.20
Working Capital	$ 3,647,483	$ 3,816,475
Current Ratio	1.34	1.41
Shareholders' Equity	$20,970,611	$19,290,305

Super Valu Stores, Inc.

P.O. Box 990
Minneapolis, Minnesota 55440
(612) 828-4000

Officers: Michael W. Wright, chairman, president & chief executive officer; John E. Morrissey, sr. v.p.-distribution; John B. Ferris, sr. v.p.-finance; Thomas L. Dekko, v.p.-sales; J. Gary Rhymes, v.p. & controller; Ronald C. Tortelli, v.p.-human resources; Sumner H. Goldman, exec. v.p.; Lloyd Stenbeck, v.p.-store engineering; Gene D. Hoffman, sr. v.p.-corp. strategic developments & acquisitions; John J. Prior, v.p.-labor relations; Robert O. Erickson, v.p.-market development; Phillip A. Dabill, Laurence L. Anderson, v.p.'s & regional presidents-Wholesale Food Companies; Michael L. Mulligan, v.p.-communications; Jeffrey Noddle, v.p.-merchandising; H.S. Smith, III, v.p.-info. services; David A. Cairns, treasurer; William C. Hunt, v.p., legal general counsel; William J. Tyrrell, sr. v.p. & pres.-ShopKo Stores; James A. Strom, secretary.

Directors: James T. Wyman, John E. Morrissey, Michael W. Wright, Arnold R. Weber, Harriet Perlmutter, Vernon H. Heath, Steven I. D'Agostino, Richard D. McCormick, Garnett L. Keith, C. James McNutt, William E.C. Dearden.

Business Activities: Engaged principally in the supplying and servicing of over 3,000 retail food stores in 32 states from 17 distribution centers. Independent retailers own and operate more than 2,200 of the retail food stores and the Company owns all or a majority interest of the remaining 71 stores. Most of the stores operate under one of the Super Valu licensed or sub-licensed names: Super Valu, IGA, Sure Save, Shop 'n Save, County Market, Cub Foods, Hornbachers, U-Save, Disco, Super Dollar, Sunflower, Banner and Mr. Quik. The Company also owns and operates the ShopKo group of 59 general merchandise discount stores. Other operations include Preferred Products, a food processing and packaging operation; Planmark, which provides engineering and architectural services for supermarkets, retail stores, shopping centers and wholesale distribution facilities; Studio 70, an interior design studio; and Risk Planners, Inc., an insurance agency.

Divisions and Subsidiaries:

Bismarck Division
707 Airport Road
Bismarck, North Dakota 58502
(701) 222-5600

Des Moines Division
3900 N.W. 106th Street
Des Moines, Iowa 50322
(515) 278-0211

Ryans Division
1629 King Avenue West
Billings, Montana 59107

Green Bay Division
451 Joannes Avenue
Green Bay, Wisconsin 54305

Fargo Division
3501 12th Avenue North
Fargo, North Dakota 58102

Ohio Valley Division
1003 Bellbrook Avenue
Xenia, Ohio 45385
(513) 376-9441

ShopKo Stores, Inc.
2800 South Ashland
Green Bay, Wisconsin 54303
(414) 497-2211

Preferred Products, Inc.
312 Lake Hazeltine Drive
Chaska, Minnesota 55318
(612) 448-5252

Minneapolis Division
101 Jefferson Avenue South
Hopkins, Minnesota 55343
(612) 932-4444

Charley Brothers Company
P.O. Box 700
Greensburg, Pennsylvania 15601
(412) 837-6000

Planmark, Inc.
11840 Valley View Road
Eden Prairie, Minnesota 55344

Risk Planners, Inc.
11840 Valley View Road
Eden Prairie, Minnesota 55344

Studio 70
11840 Valley View Road
Eden Prairie, Minnesota 55344

Anniston Division
Roberts Drive, Industrial Park
Anniston, Alabama 38202
(205) 831-1840

Food Marketing Corporation
4815 Executive Boulevard
Interstate Industrial Park
Fort Wayne, Indiana 46801
(219) 483-2146

J.M. Jones Company
2611 N. Lincoln Avenue
Urbana, Illinois 61801
(217) 384-2800

The Lewis Grocer Co.
P.O. Box 670
Indianola, Mississippi 38751
(601) 887-3211

Cub Food Stores
127 Water Street
Stillwater, Minnesota 55082

Albuquerque Division
1239 Bellamah NW
Albuquerque, New Mexico 87104

Denver Division
4120 Brighton Boulevard
Denver, Colorado 80216

Atlanta Division
600 Selig Drive SW
Atlanta, Georgia 30336

West Coast Grocery
495 East 19th Street
Tacoma, Washington, 98422

Transfer Agent(s):

First Trust Company, Inc.
Stock Transfer Department
P.O. Box 64008
St. Paul, Minnesota 55164

Morgan Guaranty Trust Company of New York
Stock Transfer Department
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: SVU

Number of Stores: (at fiscal year end)

	Food Stores	Dept. Stores	Apparel Stores
1986	71	59	—
1985	60	49	—
1984	79	39	—
1983	111	36	265
1982	107	32	257

Sales and Earnings

	Net Sales +	Net Income
2/22/86	$7,905,016,000	$ 91,247,000
2/23/85	6,547,680,000	107,212,000
2/25/84	5,727,565,000	76,732,000
2/26/83	5,005,040,000	68,031,000
2/27/82	4,443,672,000	64,721,000

	No. of Com. Shares ‡	Earn. per Share #
2/22/86	74,283,789	$ 1.23
2/23/85	74,079,844	1.45
2/25/84	73,885,750	1.04
2/26/83	73,684,382	0.93
2/27/82	73,220,000	0.89

+ Of continuing operations only.
# Based on the weighted average number of shares outstanding adjusted to reflect stock splits.
‡ Adjusted to reflect stock splits.

Revenue By Line of Business

	1986 (000's)	%	1985 (000's)	%
Wholesale food	$6,836,619	86.5%	$5,589,536	85.4%
Retail food	1,001,799	12.7	966,606	14.7
Retail gen. merch. oper.	754,443	9.5	609,637	9.3
Eliminations	(687,845)	(8.7)	(618,099)	(9.4)
Total	$7,905,016	100%	$6,547,680	100%

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
2/22/86	$0.37	—	2-for-1
2/23/85	0.33	—	—
2/25/84	0.2925	—	—
2/26/83	0.27	—	—
2/27/82	0.23	—	2-for-1 ‡

‡ In the form of a 100% stock dividend.
# Adjusted to reflect stock splits.

Super Valu Stores, Inc.

Common Stock Equity

	Total Equity	Equity Per Share #
2/22/86	$ 534,830,000	$ 7.20
2/23/85	469,170,000	6.33
2/25/84	384,671,000	5.21
2/26/83	327,924,000	4.45
2/27/82	277,265,000	3.79

# Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	2/22/86	2/23/85
Net sales	$ 7,905,016	$ 6,547,680
Cost of sales	7,207,945	5,982,353
Expenses	490,691	394,574
Interest & other debt expense	22,895	13,223
Loss from closing	15,807	—
Income before taxes	$ 167,678	$ 157,530
Income taxes	75,729	73,175
Loss of unconsol. subsid.	702	1,093
Inc.-cont. oper.	$ 91,247	$ 83,262
Inc.-discont. oper.	—	23,950
Net Income	$ 91,247	$ 107,212

* Included in Costs and Expenses, Depreciation and Amortization: $72,769,000 in 1986 and $55,016,000 in 1985.

Assets
(000's)

As of	2/22/86	2/23/85
Cash	$ 1,043	$ 912
Receiv., net	148,541	109,173
*Inventories	576,541	402,137
Supplies & prepaid expenses	22,446	6,967
Deferred inc. tax benefits	8,955	5,484
Invest. in dir. fin. leases	6,626	6,448
Current Assets	$ 764,152	$ 531,121
Long-term notes receiv.	31,426	37,247
Investments & advances	77,873	78,545
#Fixed assets	654,982	503,896
Other assets & defer. charges	27,018	22,994
Total Assets	$ 1,555,451	$ 1,173,803

Liabilities
(000's)

Long-term debt, curr.	$ 13,897	$ 4,918
Capital lease oblig., curr.	11,660	10,352
Accts. payable	388,827	276,569
Due to Food Giant	—	11,726
Notes payable	12,844	32,908
Checks outstanding	58,270	50,627
Accrued compensation	30,454	26,515
Retire. plan contrib.	17,337	12,332
Dividends payable	7,057	6,297
Income taxes	—	16,528
Other taxes	23,303	17,365
Curr. Liabilities	$ 563,649	$ 466,137
Long-term debt	302,684	102,176
Oblig. under capital leases	126,725	127,743
Def. inc. taxes	26,596	8,390
Other liabilities	967	187
+ Common stock	74,284	37,040
Add. paid-in capital	1,192	6,113
Retained earnings	459,354	426,017
Total Liabilities & Shareholders' Equity	$ 1,555,451	$ 1,173,803

* At lower of cost (majority at LIFO; remainder at FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.12	—
%Net Income to Sales	1.15	—
%Net Income to Equity	17.06	22.85
Sales to Inventories	53.22	16.28
Debt to Equity	0.85	0.52
Working Capital	$200,503,000	$ 64,984,000
Current Ratio	1.36	1.14
Shareholders' Equity	$534,830,000	$469,170,000

Supermarkets General Corporation

301 Blair Road
Woodbridge, New Jersey 07095
(201) 499-3000

Officers: Alex Aidekman, chairman of the board; Leonard Lieberman, president & chief exec. officer; Bernard Paroly, exec. v.p. & chairman-Pathmark Division; James D. Dougherty, exec. v.p., secretary & general counsel; Murray Levine, sr. v.p. & controller; Jerome Katcher, v.p.-technical services; Arnold J. Pearl, v.p.-real estate & store development; Jeffrey C. Girard, v.p. & treasurer; Maureen McGurl, v.p.-human resources & organizational planning.

Directors: Alex Aidekman, J. Kenneth Boyles, Leonard Lieberman, Raymond J. Petersen, James D. Dougherty, Harvey M. Krueger, Fred R. Sullivan, Bernard Paroly, Claudine Malone, Robert I. Smith, Norman M. Hinerfeld, Alan Sagner, Robert Marks, Josh S. Weston.

Business Activities: Operates a chain of supermarkets under the Pathmark name in New York, New Jersey, Connecticut, Delaware and Pennsylvania; supermarkets and super warehouse stores under the names Purity Supreme, Heartland and Angelo's in Massachusetts, New Hampshire and Connecticut; conventional and deep discount drug stores in New York, Massachusetts, New Hampshire, Connecticut, Maryland and New Jersey under the Pathmark, Heartland, and Pharmacity names; department stores and specialty shops in New York, New Jersey, Connecticut, New Hampshire and Massachusetts under the name Howland-Steinbach, and in Maryland as Hochschild, Kohn; Rickel Home Centers in Delaware, Connecticut, Maryland, New Jersey, New York and Pennsylvania selling such items as lumber, plumbing fixtures, garden tools and supplies and other household items.

Divisions:

Pathmark Division
Rickel Division
Drug Store Merch. Division
Purity Supreme Division
Howland-Steinbach-Hochschild Division

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): New York

Ticker Symbol: SGL

Number of Stores: (at fiscal year end)

	Supermkts.	Drug Stores & Depts.
1985	181	181
1984	175	166
1983	130	131
1982	121	119
1981	117	110

	Dept. Home Centers	Specialty Stores
1985	42	28
1984	40	29
1983	36	33
1982	34	37
1981	31	38

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1985	$ 5,122,633	$ 63,712
1984*	4,346,680	52,424
1983	3,517,548	40,674
1982	3,247,338	37,693
1981	2,999,379	30,256

	No. of Com. Shares #	Earn. per Share #
1985	17,915,000	$ 3.56
1984*	17,782,000	2.95
1983	17,704,000	2.30
1982	17,204,000	2.19
1981	16,752,000	1.81

* 53 weeks.
+ Of continuing operations only.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1985	%	1984	%
Supermarkets	$4,575,200	89	$3,817,600	88
Department stores	162,600	3	182,500	4
Home centers	384,800	8	346,600	8
Total	$5,122,600	100%	$4,346,700	100%

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1985	$0.465	—	—
1984	0.41	—	—
1983	0.37	—	2-for-1
1982	0.33	—	—
1981	0.2925	—	—

# Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1985	$ 346,981,000	$ 19.37
1984	287,410,000	16.16
1983	241,595,000	13.61
1982	206,191,000	11.70
1981	167,291,000	10.15

# Adjusted to reflect stock split.

Income Account
(000's)

Year ended	2/1/86	2/2/85
Net sales	$ 5,122,633	$ 4,346,680
Cost of sales	3,933,058	3,335,667
Expenses	976,643	834,910
Depreciation & amortization	69,553	57,057
Interest expense	25,226	20,841
Income before taxes	$ 118,153	$ 98,205
Income taxes	54,441	45,781
Net Income	$ 63,712	$ 52,424

Assets
(000's)

As of	2/1/86	2/2/85
Cash	$ 17,411	$ 30,040
Accts. receiv., net	28,870	28,105
Other curr. assets	46,809	42,563
*Inventories	399,255	342,388
Current Assets	$ 492,345	$ 443,096
#Fixed assets	584,770	530,562
Other assets	26,726	11,851
Total Assets	$ 1,103,841	$ 985,509

Liabilities
(000's)

Long-term debt, curr.	$ 12,059	$ 6,520
Cap. lease oblig., curr.	6,667	6,649

Accts. payable	277,568	235,653
Accruals & other liabilities	71,367	66,881
Accrued payroll	56,911	50,826
Fed. inc. taxes	7,015	14,901
Curr. Liabilities	$ 431,587	$ 381,430
Long-term debt	121,972	132,884
Oblig. under cap. leases	134,278	127,420
Other liabilities	69,023	56,365
+Common stock	18,021	17,882
Add. paid-in capital	6,209	2,692
Retained earnings	322,751	267,381
Treasury stock	—	(545)
Total Liabilities & Shareholders' Equity	$ 1,103,841	$ 985,509

* At lower of cost or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.31	2.25
%Net Income to Sales	1.24	1.20
%Net Income to Equity	18.36	18.24
Sales to Inventories	12.83	12.69
Debt to Equity	0.79	0.95
Working Capital	$ 60,758,000	$ 61,666,000
Current Ratio	1.14	1.16
Shareholders' Equity	$346,981,000	$287,410,000

Tandy Brands, Inc.

550 Bailey, Suite 400
Fort Worth, Texas 76107
(817) 334-8200

Officers: Carson R. Thompson, chairman of the board, president & chief executive officer; Britt Jenkins, exec. v.p.; Harold C. DeHart, v.p. and treasurer; Timm Mikulenka, v.p.; Michael J. Veitenkeimer, secretary.

Directors: Carson R. Thompson, chairman; John A. Wilson, Jesse Upchurch, Clayton E. Niles, William M. Manning, Edmund H. Damon, Robert Runice.

Business Activities: Operates principally in two segments: Leather Manufacturing and Specialty Retailing. Leather Manufacturing comprises the manufacture, wholesale and retail sale of finished leather goods, including saddlery and riding equipment. Specialty retailing comprises fireplaces, fireplace accessories and related home improvement products, and antique English and American furniture reproductions and related accessories.

Divisions:

T.A.B. Accessories
Manufacturers and wholesalers of men's and boys' accessories.

Tex Tan Western Leather Company
Manufacturers and wholesalers of saddlery, riding equipment and boots.

Grate Home & Fireplace Shoppes
A chain of 34 stores in the Midwest and Southwest specializing in the retail selling of fireplaces, fireplace accessories, and related home improvement products.

The Bombay Company
A chain of 51 stores operating in the U.S. and Canada, specializing in selling antique English furniture reproductions and related home improvement products.

Transfer Agent(s):

InterFirst Bank Fort Worth, N.A.
Fort Worth, Texas

Stock Exchange(s): American

Ticker Symbol: TAB

Number of Stores: (at fiscal year end)

1985	85	1982	110
1984	N.A.	1981	N.A.
1983	100		

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income ‡
1985	$ 52,647,000	$ 3,331,000
1984	61,573,000	(13,067,000)
1983	63,033,000	(5,499,000)
1982	69,928,000	594,000
1981	68,921,000	3,903,000

	No. of Com. Shares #	Earn. per Share †‡
1985	2,411,018	$ 1.41
1984	2,293,159	—
1983	2,224,097	—
1982	2,154,409	0.26
1981	2,187,835	1.81

(Loss)
+ Of continuing operations only.
‡ Including extraordinary gains of $1,544,000 ($0.65 per share) in 1985 and $370,000 ($0.17 per share) in 1982.
# Adjusted to reflect stock split.
† Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$ —	—	—
1984	—	—	—
1983	0.151	—	—
1982	0.300	—	—
1981	0.277	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 14,868,000	$ 6.17
1984	10,673,000	4.65
1983	22,855,000	10.28
1982	27,823,000	12.91
1981	27,807,000	12.71

‡ Adjusted to reflect stock split.

Income Account
(000's)

Year ended June 30	1985	1984
Net sales	$ 52,647	$ 61,573
Interest, royalty & other income	170	52
Total Income	$ 52,817	$ 61,625
Cost of sales	26,545	33,977
Expenses	22,741	31,167
Depreciation & amortization	1,311	1,471
Interest expense	1,062	1,082
Adjust. on dispos. of Western World div.	(2,192)	7,269
Income (loss) bef. taxes	$ 3,350	$ (13,341)
Income taxes (credit)	1,563	(274)
Net Income (Loss)	$ 1,787	$ (13,067)
Extraord. gain	1,544	—
Net Income (Loss) & extraord. gain	$ 3,331	$ (13,067)

Assets
(000's)

As of June 30	1985	1984
Cash	$ 31	$ 1,230
Accts. receiv., net	4,188	5,251
*Inventories	13,195	18,391
Inc. tax receiv.	—	1,959
Other current assets	475	691
Current Assets	$ 17,889	$ 27,522
#Fixed assets	7,082	6,475
Other assets & intangibles	3,383	3,538
Total Assets	$ 28,354	$ 37,535

Liabilities
(000's)

Notes payable & long-term debt, curr.	$ 3,651	$ 12,786
Accts. payable	1,219	1,409
Accrued payroll	1,142	840
Accrued expenses	3,208	5,686
Oblig. under cap. leases	109	134
Curr. Liabilities	$ 9,329	$ 20,855
Long-term debt	137	309
Other liabilities	1,457	3,067
Subordinated deben.	2,490	2,490
Oblig. under cap. leases	73	141
+Common stock	2,726	2,726
Add. paid-in capital	17,668	17,485
Ret. earnings (deficit)	(3,414)	(6,745)
For. curr. trans.	(149)	(107)
Treasury stock	(1,963)	(2,686)
Total Liabilities & Shareholders' Equity	$ 28,354	$ 37,535

* At lower of cost (average) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Net Income to Equity	12.02	—
Sales to Inventories	3.99	3.35
Debt to Equity	0.27	1.25
Working Capital	$ 8,560,000	$ 6,667,000
Current Ratio	1.92	1.32
Shareholders' Equity	$14,868,000	$10,673,000

Tandy Corporation

1800 One Tandy Center
Fort Worth, Texas 76102
(817) 390-3700

Officers: John V. Roach, chairman, president & chief executive officer; John McDaniel, senior v.p. & controller; Charles W. Tindall, Jr., senior v.p. & treasurer; Herschel C. Winn, sr. v.p. & secretary; Billy R. Roland, Loyd Turner, George Kuhnreich, v.p.'s; Donald L. Bock, asst. treasurer; Louis G. Newmann, asst. secretary.

Directors: John V. Roach*, chairman; William C. Conner, Lawrence E. Dempsey, William T. Smith, Alfred J. Stein, Jesse L. Upchurch*, John A. Wilson, Robert R. Lowdon*, G.R. Nugent*, Donald L. Bryant, Lewis F. Kornfeld, Jr.*

* Member of the Executive Committee

Business Activities: Operates Radio Shack stores, a consumer electronics chain with company stores, franchised stores and dealer stores located throughout the United States, Canada, Japan, Europe and Australia. Sales outlets in Europe and Australia operate under the name of Tandy International Electronics. Also operates chains of electronic retailers under the names Scott McDuff, Santa, and VideoConcepts. Tandy also manufactures consumer electronics products.

Divisions and Subsidiaries:

- Radio Shack Division
- Radio Shack-Canada
- Radio Shack-U.S. Retail Operations
- Radio Shack-Business Products Division
- Tandy International Electronics
  - Tandy International Electronics-Europe
  - Tandy International Electronics-U.K.
- Tandy Trading International
  - Tandy Trading International-Australia
- A&A International Trading Companies

Tandy Corporation

Lika Corporation
Memtek Products
O'Sullivan Industries
Scott-McDuff Corporation
VideoConcepts

Transfer Agent(s):

First National Bank of Boston (common stock)
Boston, Massachusetts

InterFirst Bank/Fort Worth, N.A. (debentures)
Fort Worth, Texas

Texas American Bank/Fort Worth N.A.
(common stock & debentures)
Fort Worth, Texas

Stock Exchange(s): New York

Ticker Symbol: TAN

Number of Stores:

1985	9,348	1982	8,518
1984	9,018	1981	8,161
1983	8,868		

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1985	$ 2,841,434	$ 189,060
1984	2,775,496	281,871
1983	2,506,454	278,521
1982	2,050,735	224,085
1981	1,698,853	169,602

	No. of Com. Shares ‡	Earn. per Share ‡
1985	89,490,000	$ 2.11
1984	102,328,000	2.75
1983	104,335,000	2.67
1982	103,395,000	2.17
1981	102,578,000	1.65

+ Includes operating revenues; of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	—
1981	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$1,063,454,000	$ 11.88
1984	988,696,000	9.66
1983	1,120,872,000	10.74
1982	812,677,000	7.86
1981	571,863,000	5.57

‡ Based on the weighted average number of shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account

Year ended June 30	1985	1984
Net sales & oper. rev.	$ 2,841,434	$ 2,775,496
Other income	11,530	8,983
Total Income	$ 2,852,964	$ 2,784,479
Cost of sales	1,291,789	1,184,531
Expenses	1,102,135	1,014,827
Depreciation & amortization	51,947	46,079
Interest expense	55,682	4,363
Income before taxes	$ 351,411	$ 534,679
Income taxes	162,351	252,808
Net Income	$ 189,060	$ 281,871

Assets
(000's)

As of June 30	1985	1984
Cash	$ 90,194	$ 154,655
Accts. & notes receiv., net	105,159	122,910
*Inventories	1,197,421	910,530
Other current assets	63,995	40,456
Current Assets	$ 1,456,769	$ 1,228,551
#Fixed assets	310,629	288,854
Other assets	155,580	135,039
Total Assets	$ 1,922,978	$ 1,652,444

Liabilities
(000's)

	1985	1984
Notes payable	$ 135,406	$ 51,036
Accts. payable	93,467	88,961
Accruals	144,181	130,386
Income taxes	1,975	5,003
Current Liabilities	$ 375,029	$ 275,386
Long-term debt	320,068	224,297
Subord. deb.	123,610	123,251
Other liabilities	17,545	18,312
Deferred inc. taxes	23,272	22,502
+Common stock	95,645	95,645
Add. paid-in capital	76,830	75,413
Retained earnings	1,103,357	914,297
For. curr. trans.	(29,415)	(21,672)
Treasury stock	(182,963)	(74,987)
Total Liabilities & Shareholders' Equity	$ 1,922,978	$ 1,652,444

* At lower of cost (primarily average cost) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

	1985	1984
%Income bef. Taxes to Sales	12.37	19.26
%Net Income to Sales	6.65	10.16
%Net Income to Equity	17.78	28.51
Debt to Equity	0.43	0.28
Working Capital	$1,081,740,000	$953,165,000
Current Ratio	3.88	4.46
Shareholders' Equity	$1,063,454,000	$988,696,000

Tandycrafts, Inc.

2727 W. Seventh St.
Fort Worth, Texas 76107
(817) 878-1200

Officers: William H. Michero, chairman of the board; Kenneth L. Gregson, president and chief executive officer; Michael J. Walsh, secretary; C. Gary Crow, vice president and treasurer.

Directors: William H. Michero, George R. Nugent, Kenneth L. Gregson, Robert Schutts, Roger A. Dickinson, John A. Wilson, J.C. Pace, III.

Divisions:

Tandy Leather Company
Production and sales of materials, kits and equipment used in leathercrafts through 261 company-owned retail and mail order stores in the United States and Canada.

Tandy Brass
Retail sales of brass furnishings and accessories through 14 company-owned stores.

Tandy Tools
Retail sales of hand and power tools in five company-owned stores.

The Magee Company
Production and marketing of wood and metal frames and framed prints through major retail chains and independent merchants nationwide.

Subsidiaries:

Casual Concepts, Inc.
Retail sales of the "Cargo" line of casual wood funiture through 35 company-owned stores.

Transfer Agent(s):

InterFirst Bank Fort Worth
Fort Worth, Texas

Stock Exchange(s): New York

Ticker Symbol: TAC

Number of Stores: (at fiscal year end)

1985	319	1982	313
1984	321	1981	455
1983	321		

Sales and Earnings

	Net Sales +	Net Income ‡
1985	$ 72,678,000	$ 2,528,000
1984	66,726,000	2,699,000
1983	61,112,000	2,727,000
1982	60,936,000	8,839,000
1981	62,726,000	3,863,000

	No. of Com. Shares #	Earn. per Share #‡
1985	2,342,000	$ 1.08
1984	2,473,000	1.09
1983	2,552,000	1.07
1982	3,494,000	2.53
1981	3,899,000	0.99

+ Of continuing operations only.
‡ Including extraordinary gain of $6,100,000 ($1.75 per share) in 1982.
# Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 39,004,000	$ 16.78
1984	36,534,000	15.71
1983	37,034,000	14.51
1982	34,357,000	13.47
1981	41,265,000	10.91

Income Account
(000's)

Year ended June 30	1985	1984
Net sales	$ 72,678	$ 66,726
Cost of sales	39,350	34,819
Expenses	29,514	27,655
Depreciation & amortization	1,184	1,043
Interest income	(1,490)	(1,490)
Income before taxes	$ 4,120	$ 4,699
Income taxes	1,592	2,000
Net Income	$ 2,528	$ 2,699

Assets
(000's)

As of June 30	1985	1984
Cash	$ 10,508	$ 13,214
Accts. receiv., net	3,971	2,665
*Inventories	19,344	16,665
Other current assets	963	957
Current Assets	$ 34,786	$ 33,501
#Fixed assets	6,280	5,740
Other assets	867	590
Intangibles	2,411	2,264
Total Assets	$ 44,344	$ 42,095

Liabilities
(000's)

	1985	1984
Trade accts. payable	$ 1,842	$ 1,797
Accts. payable		

& accruals	1,116	1,285
Accrued payroll	1,932	1,854
Income taxes	450	625
Curr. Liabilities	$ 5,340	$ 5,561
+ Common stock	4,632	4,632
Add. paid-in capital	20,110	19,991
Retained earnings	41,946	39,418
Treasury stock	(27,684)	(27,507)
Total Liabilities & Shareholders' Equity	$ 44,344	$ 42,095

* At lower of cost (average cost method) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.67	7.04
%Net Income to Sales	3.48	4.04
%Net Income to Equity	6.48	7.39
Sales to Inventories	3.76	4.00
Working Capital	$29,446,000	$27,940,000
Current Ratio	6.51	6.02
Shareholders' Equity	$39,004,000	$36,534,000

Thomaston Mills, Inc.

(formerly Thomaston Cotton Mills)

P.O. Box 311
Thomaston, Georgia 30286
(404) 647-6611

Officers: George H. Hightower, chairman; Neil H. Hightower, president; O.R. Lewis, sr. v.p.-director of sales; H. Stewart Davis, sr. v.p.-finishing; Harry W. Ormand, Jr., v.p.-finishing; W. Harrison Hightower III, v.p.-administration; John R. Carson, v.p.-household sales; John M. Ormand, v.p.-mfg.; Thomas J. Slade, Jr., v.p.-raw material purchases; George H. Hightower, Jr., sr. v.p.-industrial & fabrication sales; Garner M. Ellerbee, secretary; Rosser R. Raines, treasurer; Robert E.L. Greene, v.p.-engineering; Seth R. Sargent, v.p.-industrial relations.

Directors: Thomas D. Adams, Jr., Julian T. Hightower*, William H. Hightower, Jr.*, George H. Hightower*, George H. Hightower, Jr., H. Stewart Davis, Jerry Williamson, Will B. Plowden, Julian H. Roberts, Neil H. Hightower*, Dom H. Wyant.

* Member of the Executive Committee.

Business Activities: Produces and finishes apparel and industrial fabrics; manufactures sheets and shirts; also sells its products in a company-owned retail store.

Transfer Agent(s):

The Citizens and Southern National Bank
Stock Transfer Department
P.O. Box 105555
Atlanta, Georgia 30348

Stock Exchange(s): Over-the-Counter

Number of Stores: (at fiscal year end)

1985	1	1982	5
1984	3	1981	5
1983	5		

Sales and Earnings

	Net Sales	Net Income
1985	$ 132,494,655	$ (161,938)
1984	145,431,576	2,883,014
1983	122,869,174	519,463
1982*	119,682,845	971,597
1981	131,706,927	2,000,160

	No. of Com. Shares	Earn. per Share ‡
1985	821,489	$ —
1984	821,489	3.51
1983	821,489	0.63
1982*	821,489	1.18
1981	821,489	2.18

(Loss)
* 53 weeks.
‡ Based on the weighted average number of common stock outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.00	—	—
1984	0.95	—	—
1983	0.80	—	—
1982	1.10	—	—
1981	1.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 48,388,801	$ 58.90
1984	49,372,228	60.10
1983	47,269,629	57.54
1982	47,407,357	57.71
1981	47,339,398	57.63

Income Account *

Year ended	6/29/85	6/30/84
Net sales	$ 132,494,655	$ 145,431,576
Cost of sales	124,240,062	131,154,838
Expenses	8,972,777	8,349,136
Other income	(336,248)	(306,059)
Gain on conversion	(865,334)	—
Other changes	2,048,336	1,933,647
Inc. (loss) bef. taxes	$ (1,564,938)	$ 4,300,014
Income taxs (credit)	(1,403,000)	1,417,000
Net Income (Loss)	$ (161,938)	$ 2,883,014

* Included in Costs and Expenses, Depreciation: $6,712,989 in 1985 and $6,178,811 in 1984.

Assets

As of	6/29/85	6/30/84
Cash	$ 886,886	$ 1,731,076
Accts. receiv., net	22,414,680	24,158,059
*Inventories	21,941,710	24,376,596
Refundable income taxes	468,042	569,935
Other assets	532,873	540,649
Current Assets	$ 46,244,191	$ 51,376,315
#Fixed Assets	30,491,230	28,475,898
Total Assets	$ 76,735,421	$ 79,852,213

Liabilities

Accts. payable	$ 3,322,934	$ 5,834,780
Local taxes	324,534	351,231
Payroll taxes	805,271	757,568
Other liabilities	1,619,484	1,542,545
Accrued payroll	2,234,547	1,752,155
Long-term debt, curr. portion	308,442	312,788
Curr. Liabilities	$ 8,613,212	$ 10,551,067
Equipment note payable	19,491,325	18,460,993
Deferred inc. taxes	242,083	1,467,925
+ Common stock	9,367,530	9,367,530
Add paid-in capital	1,190,798	1,190,798
Retained earnings	40,135,753	41,119,180
Treasury stock	(2,305,280)	(2,305,280)
Total Liabilities & Shareholders' Equity	$ 76,735,421	$ 79,852,213

* Raw cotton polyester staple and cotton content of finished goods and work in process at cost (LIFO), which is lower than current replacement market. Other inventories at lower of average cost or market.
# Less accumulated depreciation.
+ $10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	2.96
%Net Income to Sales	—	1.98
%Net Income to Equity	—	5.84
Sales to Inventories	6.04	5.97
Debt to Equity	0.41	0.38
Working Capital	$37,630,979	$40,825,248
Current Ratio	5.37	4.87
Shareholders' Equity	$48,388,801	$49,372,228

Three D Departments, Inc.

801 Silver Lane
East Hartford, Connecticut 06118
(203) 569-6720

Mailing address:

P.O. Box 1110
Hartford, Connecticut 06101

Officers: Bernard Abrams, chairman & chief executive officer; Donald L. Abrams, president; John B. Abrahms, sr. v.p. and asst. treasurer; Howard C. Jackson, v.p.-adm. & finance; David Kotkin, secretary; Robert Shutsky, treasurer; Abe Markowicz, v.p.-merchandising; Ronald Dow, controller.

Directors: Bernard Abrams*, John B. Abrahms*, David Kotkin*, Howard C. Jackson, Abe Markowicz, Donald L. Abrams, Henry W. Nozko, Jr., Irving B. Yoskowitz, Gerson K. Bernstein.

* Member of the Executive Committee.

Business Activities: The Company is engaged in the operation of 69 leased domestics departments in discount department stores and specialty stores, which sell curtains and draperies, linens, towels, rugs, bedspreads, sheets and drapery hardware.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
New York, N.Y.

Stock Exchange(s): American

Ticker Symbol: TDD

Number of Outlets: (at fiscal year end)

1985	69	1982	84
1984	110	1981	56
1983	78		

Sales and Earnings

	Net Sales ‡	Net Income
1985*	$ 59,559,198	$ 928,590
1984	51,796,620	1,419,011
1983	50,724,198	2,004,702
1982	48,649,635	1,817,680
1981	36,477,517	1,876,822

	No. of Com. Shares †	Earn. per Share +
1985*	3,303,806	$ 0.27'
1984	3,434,530	0.41
1983	3,427,782	0.59
1982	3,354,868	0.52
1981	3,714,868	0.42

* 53 weeks.
‡ Of continuing operations only.
† Adjusted to reflect stock dividend and stock splits.
+ Based on the average number of shares outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.16	—	—
1984	0.16	—	2-for-1
1983	0.16	—	3-for-2
1982	0.16	—	—
1981	0.16	10%	—

+ Adjusted to reflect stock dividend and stock splits.

Three D Departments, Inc.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 13,947,591	$ 4.22
1984	13,845,295	4.03
1983	12,688,506	3.70
1982	10,866,185	3.24
1981	9,916,256	2.67

‡ Adjusted to reflect stock dividend and stock splits.

Income Account *

Year ended	8/3/85	7/28/84
Net sales	$ 59,559,198	$ 51,796,620
Cost of sales	36,907,171	31,391,863
Expenses	19,959,476	17,039,421
Interest expense	783,961	493,825
Income before taxes	$ 1,908,590	$ 2,871,511
Income taxes	980,000	1,452,500
Net Income	$ 928,590	$ 1,419,011

* Included in Costs and Expenses, Depreciation and Amortization: $935,709 in 1985 and $763,662 in 1984.

Assets

As of	8/3/85	7/28/84
Cash	$ 908,744	$ 936,551
Accts. receiv., net	1,396,011	1,558,696
*Inventories	18,286,402	19,157,914
Prepaid expenses	580,635	550,366
Current Assets	$ 21,171,792	$ 22,203,527
#Fixed assets	4,235,128	4,095,258
Deferred costs of leases	203,676	269,337
Other assets	462,217	337,868
Total Assets	$ 26,072,813	$ 26,905,990

Liabilities

Note pay. to bank	$ 2,000,000	$ 2,000,000
Accts. payable	4,890,053	5,069,649
Accruals	711,423	620,798
Income taxes	30,627	16,645
Curr. Liabilities	$ 7,632,103	$ 7,707,092
Long-term debt	4,000,000	5,000,000
Deferred compensation	200,000	187,245
Def. inc. taxes	293,119	166,358
+ Common stock:		
Class A	427,196	435,661
Class B	398,756	422,971
Add. paid-in capital	1,227,250	1,267,666
Retained earnings	11,894,389	11,718,997
Total Liabilities Shareholders' Equity	$ 26,072,813	$ 26,905,990

* At lower of average cost (principally on the retail method) or market.
# Less accumulated depreciation and amortization.
+ $0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.20	5.54
%Net Income to Sales	1.56	2.74
%Net Income to Equity	6.66	10.25
Sales to Inventories	3.26	2.70
Debt to Equity	0.43	0.51
Working Capital	$13,539,689	$14,496,435
Current Ratio	2.77	2.88
Shareholders' Equity	$13,947,591	$13,845,295

Thrifty Corporation

3424 Wilshire Boulevard
Los Angeles, California 90010
(213) 251-6000

Officers: Leonard H. Straus, chairman of the board & chief executive officer; Richard G. Eils, pres., chief operating officer & chief financial officer; Kenneth M. Crosby, sr. v.p.-dir. of buying & merchandising; Robert W. Henry, Jr., sr. v.p.-dir. of real estate & construction; Richard A. Dortch, v.p.-dir. of mgt. info. services; James T. Haight, v.p., secretary & chief corp. counsel; Christian Bement, sr. v.p.-dir. of industrial relations; Robert E. Gebhardt, v.p.-dir. of loss prevention; John Onestinghel, sr. v.p.-dir. of mfg. & distribution; R. Ricciuti, v.p.-dir. of advertising; Mildred Arnold, v.p.-buying; Iris Hackett, v.p.-gov't & community relations; Ellis H. Axelrod, sr. v.p.-dir. of store operations; James Koblensky, v.p.-buying; Richard Ramsey, v.p.-finance & treasurer; Herbert Zarrow, v.p.-pharmacy oper.; P. James Barthe, v.p.-real estate; H.A. Liff, Robert W. Miller, William Newman, vice presidents; Ralph K. Hines, Jack Freeman, v.p.'s-store operations; Anthony Stypinski, v.p.-construction & maintenance; Ryan Tondro, v.p. & controller.

Directors: Leonard H. Straus, Harry M. Bardt, Barton Beek, R.W. Henry, Harry Liff, William S. Banowsky, Frederick T. Burrill, Richard G. Eils, Walter Ralphs.

Business Activities: Operates a chain of retail drug and discount stores principally in southern California, but also in northern California and in eight other western states; also operates a chain of Big 5 Sporting Goods stores, and an importing business.

Divisions and Subsidiaries:

Thrifty Drug and Discount Stores Division
3424 Wilshire Boulevard
Los Angeles, California 90010
(213) 251-6000

Operates drug and discount stores in California, Nevada, Arizona, Idaho and Oregon under the trade name Thrifty Drug & Discount Stores.

Discount Drug Stores
3424 Wilshire Boulevard
Los Angeles, California 90010
(213) 251-6000

Operates drug and discount stores in Utah, Wyoming, Washington and New Mexico under the trade names Giant T and Thrifty Drug and Discount Stores.

Thrifty Jr. Inc.
3424 Wilshire Boulevard
Los Angeles, California 90010
(213) 251-6000

Operates drug and discount stores in California under the trade name "Thrifty Jr."

United Merchandising Corp.
14440 Ocean Gate Ave.
Hawthorne, California 90250
(213) 772-2772

Operates sporting goods stores in California, Washington and Nevada under the trade name "Big 5".

The Newman Importing Company, Inc.
5500 W. Jefferson Blvd.
Los Angeles, California 90016
(213) 935-7600

Operates an importing business with sales to jobbers, retailers and mail order houses.

Thrifty Realty Company
3424 Wilshire Boulevard
Los Angeles, California 90010
(213) 251-6000

Owns store properties, 3 distribution centers, manufacturing and processing plants and a headquarters complex.

Thrifty Wilshire Inc.
3424 Wilshire Boulevard
Los Angeles, California 90010
(213) 251-6000

Jointly owns and operates Los Angeles building containing corporate office and stores.

Joint Ventures:

Crown Books Corporation (34% owned)
Washington, D.C. & Los Angeles, California

Operates 187 discount book stores in the Washington, D.C., California, Illinois, Washington and Texas areas.

Trak Auto West, Inc. (50% owned)
3424 Wilshire Boulevard
Los Angeles, California 91100

Operates a chain of 68 discount automotive parts and accessories stores in California and other western states.

Transfer Agent(s):

Bank of America, N.T. & S.A.
Los Angeles and New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: TFD

Number of Stores: (at fiscal year end)

1985	641	1982	595
1984	613	1981	592
1983	602		

Sales and Earnings

	Net Sales	Net Income
1985	$1,404,851,000	$ 31,891,000
1984	1,299,258,000	27,921,000
1983	1,187,813,000	22,503,000
1982	1,126,203,000	18,302,000
1981	1,054,418,000	17,752,000

	No. of Com. Shares +	Earn. per Share #
1985	20,060,530	$ 1.60
1984	19,953,634	1.40
1983	19,924,434	1.13
1982	19,898,434	0.92
1981	19,891,934	0.90

+ Adjusted to reflect stock split.
# Based on average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1985	$0.58	—	—
1984	0.505	—	—
1983	0.44	—	2-for-1
1982	0.40	—	—
1981	0.39	—	—

# Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share#
1985	$ 137,542,000	$ 6.86
1984	154,040,000	7.72
1983	135,962,000	6.82
1982	122,089,000	6.13
1981	111,719,000	5.61

# Adjusted to reflect stock split.

Income Account

Year ended August 31	1985	1984
Net sales	$1,404,851,000	$1,299,258,000
Cost of sales	1,009,057,000	927,730,000
Expenses	303,070,000	286,008,000
Depreciation & amortization	18,264,000	16,170,000
Interest expense	12,976,000	12,052,000
Interest income	(496,000)	(60,000)
Equity loss	1,808,000	2,783,000
Income before taxes	$ 60,172,000	$ 54,575,000
Income taxes	28,281,000	26,654,000
Net Income	$ 31,891,000	$ 27,921,000

Assets

As of August 31	1985	1984
Cash	$ 10,561,000	$ 12,100,000
Accts. receiv., net	18,324,000	13,430,000
*Inventories	277,537,000	233,519,000
Prepaid expenses	1,485,000	214,000
Deferred income taxes	1,403,000	4,799,000
Current Assets	$ 309,310,000	$ 264,062,000
#Fixed assets	154,992,000	139,601,000
Leased prop. under cap. leases	16,927,000	17,949,000
Other assets	23,342,000	23,871,000
Total Assets	$ 504,571,000	$ 445,483,000

Liabilities

Long-term debt, curr.	$ 1,815,000	$ 1,793,000
Cap. lease oblig., curr.	664,000	610,000

Accts. payable	149,458,000	137,929,000
Accruals	29,485,000	32,870,000
Income taxes	3,940,000	5,847,000
Curr. Liabilities	$ 185,362,000	$ 179,049,000
Long-term debt	93,093,000	63,908,000
Empl. stock owner plan	37,200,000	—
Cap. lease oblig.	24,424,000	25,100,000
Deferred inc. taxes	23,166,000	20,340,000
Deferred gain	3,784,000	3,046,000
+ Common stock	2,739,000	2,725,000
Add. paid-in capital	5,543,000	4,713,000
Retained earnings	166,460,000	146,602,000
Empl. stock owner plan	(37,200,000)	—
Total Liabilities & Shareholders' Equity	$ 504,571,000	$ 445,483,000

* At cost (LIFO).
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.28	4.20
%Net Income to Sales	2.27	2.15
%Net Income to Equity	23.19	18.13
Sales to Inventories	5.06	5.56
Debt to Equity	0.87	0.59
Working Capital	$123,948,000	$ 85,013,000
Current Ratio	1.67	1.47
Shareholders' Equity	$137,542,000	$154,040,000

Toys "R" Us, Inc.

395 West Passaic Street
Rochelle Park, New Jersey 07662
(201) 845-5033

Officers: Charles Lazarus, chairman of the board & chief exec. officer; Norman Ricken, pres. & chief operating officer; Howard W. Moore, exec. v.p.-gen. merchandise mgr.; Michael Goldstein, exec. v.p.-finance & administration; Van H. Butler, sr. v.p.-marketing & divisional mgr.; Ronald Tuchman, sr. v.p.-divisional merchandise manager; Dennis Healey, v.p.-management information systems; Robert J. Weinberg, sr. v.p. & divisional merchandise mgr.; Donald L. Margolis, v.p.-controller; Michael P. Miller, sr. v.p.-real estate; Lester Yassky, secretary; Ernest V. Speranza, v.p.-advertising; Jeffrey S. Wells, v.p.-human resources; Louis Lipschitz, vp.-treasurer.

Directors: Charles Lazarus, chairman of the board; Albert E. Christie, Milton S. Gould, Norman Ricken, Norman M. Schneider, Harold M. Wit, Moses Shapiro, Robert A. Bernhard, Howard W. Moore.

Business Activities: Operates 246 toy stores under the name "Toys 'R' Us", 23 "Kids 'R' Us" children's clothing stores, and 4 conventional department stores called "Boston Stores" and "The Fair", which sell a wide range of merchandise. "Toys 'R' Us" stores are located in 30 states, Canada, the United Kingdom, and Singapore; "Kids 'R' Us" stores are located in Maryland, New Jersey, New York, and Pennsylvania; the two "Boston Stores" are located in New York, and the two "The Fair" stores are in Flint, Michigan.

Subsidiaries:

TRU (UK) Limited
Hong Kong

Toys "R" Us (U.K.) Ltd.
Toys "R" Us (Canada) Ltd.
Toys "R" Us-Metro (Singapore) PTE Ltd.

Transfer Agent(s):

The First Jersey National Bank
One Exchange Place
Jersey City, New Jersey 07302

Stock Exchange(s): New York

Ticker Symbol: TOY

Number of Stores: (at fiscal year end)

1986	273	1983	148
1985	217	1982	130
1984	175		

Sales and Earnings

	Net Sales +	Net Income
1986	$1,976,134,000	$ 119,774,000
1985*	1,701,700,000	111,424,000
1984	1,319,642,000	92,317,000
1983	1,041,735,000	64,162,000
1982	783,285,000	48,920,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	84,053,916	$ 1.39
1985*	83,153,924	1.30
1984	85,395,000	1.08
1983	83,904,000	0.78
1982	79,632,000	0.63

* 53 weeks.
+ Including leased depts.
‡ Based on the weighted average number of common shares and common share equivalents adjusted to reflect reduction in the number of shares deemed outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	3-for-2
1984	—	—	3-for-2
1983	—	—	3-for-2
1982	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 717,394,000	$ 8.53
1985	579,113,000	6.96
1984	459,723,000	5.38
1983	323,476,000	3.86
1982	205,849,000	2.59

‡ Based on the weighted average number of common shares and common share equivalents adjusted to reflect reduction in the number of shares deemed outstanding adjusted to reflect stock splits.

Income Account
(000's)

Year ended	2/2/86	2/3/85
Net sales	$ 1,976,134	$ 1,701,700
Cost of sales	1,322,942	1,138,862
Expenses	408,438	344,237
Depreciation & amortization	26,074	18,378
Interest expense	6,999	5,018
Interest income	(8,093)	(10,969)
Income before taxes	$ 219,774	$ 206,174
Income taxes	100,000	94,750
Net Income	$ 119,774	$ 111,424

Assets
(000's)

As of	2/2/86	2/3/85
Cash	$ 136,171	$ 215,279
Accts. receiv., net	25,971	23,407
*Inventories	413,493	397,913
Prepaid expenses	3,246	2,031
Current Assets	$ 578,881	$ 638,630
#Fixed assets	613,776	416,727
Prop. under cap. leases	13,529	14,858
Other assets	19,730	28,348
Total Assets	$ 1,225,916	$ 1,098,563

Liabilities
(000's)

Long-term debt, curr.	$ 2,113	$ 875
Cap. lease oblig., curr.	964	936
Notes payable	—	20,384
Accts. payable	248,976	250,120
Accruals	93,665	100,476
Inc. taxes pay.	52,001	44,199
Curr. Liabilities	$ 397,719	$ 416,990
Long-term debt	65,024	65,079
Cap. lease oblig.	19,642	20,913
Deferred inc. taxes	26,137	16,468
+ Common stock	8,405	8,315
Add. paid-in capital	216,930	200,323
Retained earnings	502,595	382,821
For. curr. trans. adjust.	2,052	(383)
Treasury stock	(4,423)	(4,352)
Reciv. from stock options	(8,165)	(7,611)
Total Liabilities & Shareholders' Equity	$ 1,225,916	$ 1,098,563

* At lower of cost or market. Toy Stores merchandise is valued at LIFO while dept. store inventories are valued at FIFO.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.12	12.12
%Net Income to Sales	6.06	6.55
%Net Income to Equity	16.70	19.24
Sales to Inventories	4.78	4.28
Debt to Equity	0.12	0.19
Working Capital	$181,162,000	$221,640,000
Current Ratio	1.46	1.53
Shareholders' Equity	$717,394,000	$579,113,000

Trak Auto Corporation

(a majority-owned subsidiary of Dart Group Corporation)

3300 75th Avenue
Landover, Maryland 20785
(301) 731-1200

Officers: Herbert H. Haft, chairman & chief exec. officer; Robert M. Haft, president; Ben S. Kovalsky, v.p. & president of Trak East; Charles D. Shipe, v.p., secretary & treasurer; Gloria G. Haft, v.p.; James Gauntlett, v.p.; Ronald M. Hirschel, gen. counsel & asst. secretary; Richard J. Koll, treasurer & chief financial officer; Michael J. Lewis, v.p.

Directors: Herbert H. Haft, chairman of the board; Robert M. Haft, Ben S. Kovalsky, Charles D Shipe, Gloria G. Haft, Claudine E. Malone, Warren E. Tydings, James G. Leonard.

Business Activities: Engaged in the retail sale of quality brand name automobile parts and accessories for the do-it-yourself market through its 99 discount specialty stores in the Washington, D.C., Richmond, Virginia, and Chicago, Illinois, areas, and through a joint venture with Thrifty Corporation, in the Los Angeles metropolitan area.

Subsidiaries:

Trak Auto East Corporation

Joint Venture(s):

Trak Auto West, Inc.
50% ownership with Thrifty Corporation in the operation of 57 retail auto parts stores in the Los Angeles metropolitan area.

Transfer Agent(s):

Riggs National Bank
Washington, D.C.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TRKA (NASDAQ)

Number of Stores: (at fiscal year end)*

1985	93	1982	35
1984	56	1981	17
1983	46		

* Excludes joint venture.

Trak Auto Corporation

Sales and Earnings

	Net Sales	Net Income
1985	$ 73,834,000	$ 3,223,000
1984	58,610,000	4,610,000
1983	45,851,000	4,055,000
1982	29,625,000	2,198,000
1981	13,976,000	728,000

	No. of Com. Shares ‡	Earn. per Share ‡
1985	5,997,000	$ 0.54
1984	5,523,000	0.83
1983	3,962,000	1.02
1982	3,962,000	0.55
1981	3,962,000	0.18

‡ Based on the weighted average number of common shares and common shares equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$ —	—	—
1984	—	—	—
1983	0.68	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 53,229,000	$ 8.88
1984	50,006,000	9.05
1983	4,095,000	1.03
1982	2,733,000	0.69
1981	535,000	0.14

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account

Year ended Jan. 31	1985	1984
Net sales	$ 73,834,000	$ 58,610,000
Other income	4,913,000	3,252,000
Total Income	$ 78,747,000	$ 61,862,000
Cost of sales	54,651,000	40,985,000
Expenses	8,440,000	5,885,000
Depreciation & amortization	636,000	130,000
Interest expense	522,000	—
Income before taxes	$ 14,498,000	$ 14,862,000
Income taxes	7,020,000	7,312,000
Loss from unconsol. subsid.	4,255,000	2,940,000
Net Income	$ 3,223,000	$ 4,610,000

Assets

As of Jan. 31	1985	1984
Cash	$ 4,730,000	$ 3,907,000
short-term invest.	39,031,000	43,569,000
Accts. receiv., net	974,000	656,000
Due from affil.	1,596,000	—
*Inventories	18,163,000	6,705,000
Repaid inc. taxes	128,000	—
Other curr. assets	256,000	44,000
Current Assets	$ 64,878,000	$ 54,881,000
#Fixed assets	10,443,000	1,647,000
Other assets	17,000	—
Total Assets	$ 75,338,000	$ 56,528,000

Liabilities

	1985	1984
Cap. lease oblig., curr.	$ 260,000	$ —
Accts. payable	5,260,000	903,000
Accrued payroll	953,000	741,000
Other accruals	859,000	313,000
Income taxes	—	695,000
Other taxes	590,000	277,000
Due to affil.	—	484,000
Curr. Liabilities	$ 7,922,000	$ 3,413,000
Cap. lease oblig.	6,847,000	—
Deferred inc. taxes	149,000	173,000
Share of deficit - Trak Auto West	7,191,000	2,936,000
+ Common stock	60,000	60,000
Add. paid-in capital	41,281,000	41,281,000
Retained earnings	11,888,000	8,665,000
Total Liabilities & Shareholders' Equity	$ 75,338,000	$ 56,528,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	19.64	25.36
%Net Income to Sales	4.37	7.87
%Net Income to Equity	6.05	9.22
Sales to Inventories	4.07	8.74
Debt to Equity	0.13	—
Working Capital	$56,956,000	$51,468,000
Current Ratio	8.19	16.08
Shareholders' Equity	$53,229,000	$50,006,000

The United States Shoe Corporation

One Eastwood Drive
Cincinnati, Ohio 45227
(513) 527-7000

Officers: Philip G. Barach, chairman of the board, president & chief executive officer; Howard Platt, exec. v.p. & president-footwear wholesaling & retailing; Joseph C. Lamb, v.p. & treasurer; Harry S. Robinson, group v.p. & chairman- Red Cross Shoe Division; Martin Sherman, sr. v.p. & pres.-Retail Development & Services Div.; Seymour Glabman, group v.p.-woman's footwear; James J. Crowe, v.p., secretary & gen. counsel; Henry A. Billeter, v.p.-marketing & corp. dev.; Edward Klee, v.p.-finance; Edwin C. Gerth, v.p. & controller; Louis Neusner, v.p.-merchandising operations; Robert Stix, sr. v.p.-mfg. & operations; James Vadis, sr. v.p. & president-specialty retailing.

Directors: Philip G. Barach, John F. Lebor, Harold O. Toor, Gilbert Hahn, Jr., Charles E. Carples, Daniel G. Ross, Albert M. Kronick, John L. Roy, Stanley H. Katz, Joseph H. Anderer, Kenneth Axelson, Robert D. Buzzell, Philip L. Lowe.

Business Activities: The Company owns and operates shoe stores and leased departments, specialty stores, and shoe manufacturing facilities. Also operates 58 optical retail stores, and engages in direct mail marketing.

Divisions and Subsidiaries:

The Banister Shoe Company
Brandstand
Athletic and family footwear.

Wm. Hahn Co.
7600 Jefferson Avenue
Landover, Maryland 20785
(202) 322-4550
Women's and family shoe stores in 13 states and D.C. under the name Hahn Shoes.

Up's N Downs
286 stores offering budget junior sportswear.

Caren Charles
112 stores selling medium-priced apparel for women aged 25 to 50.

August Max
95-24 63rd Road
Rego Park, New York 11374
(212) 274-9055
47 stores targeted for older, affluent female clientele.

Cincinnati Shoe Co.
11445 Century Boulevard
Cincinnati, Ohio
(513) 731-2800
Outletters - 4 off-price men's apparel shoes in Atlanta.

Casual Corner
107 Phoenix Avenue
Enfield, Connecticut 06082
(203) 741-0771
624 specialty stores primarily located in shopping malls.

The Proving Ground
51 stores appealing to younger men.

J. Riggings
1018 Perimeter Mall
4400 Ashford Dunwoody Rd.
Atlanta, Georgia 30346
(216) 255-6757
218 specialty men's apparel stores.

T.H. Mandy
14 stores displaying medium-to-better grade misses apparel.

Petite Sophisticate
Apparel retailer specializing in clothes made for smaller women.

Career Image
52 stores retailing apparel of medium-to-better quality for the working woman.

The Home Front
Brand-name home furnishings priced below regular retail.

Front Row
Retail sale of a wide assortment of apparel and shoes for the whole family.

Winterbrook Division
Specialty mail order catalogs under the names Just for Kids!, which features children's toys; Giggletree, offering household items; and Nicole Summers, specializing in women's apparel for sizes 10 to 20.

Precision Lenscrafters
Eyewear stores.

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: USR

Number of Retail Units: (at fiscal year end)

1985	2,047	1982	1,427
1984	2,603	1981	1,336
1983	1,636		

Sales and Earnings

	Net Sales	Net Income
1985	$1,920,225,000	$ 64,875,000
1984*	1,717,401,000	53,423,000
1983	1,507,773,000	75,221,000
1982	1,254,138,000	60,116,000
1981	1,087,982,000	58,761,000

	No. of Com. Shares +	Earn. per Share ‡
1985	21,974,777	$ 2.92
1984*	21,789,069	2.42
1983	21,485,799	3.41
1982	21,343,680	2.71
1981	21,160,544	2.66

* 53 weeks.
+ Adjusted to reflect stock split.
‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1985	$0.89	—	—
1984	0.83½	—	—
1983	0.74	—	2-for-1
1982	0.66⅞	—	—
1981	0.61⅞	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1985	$ 477,344,000	$ 21.72
1984	427,828,000	19.64
1983	390,242,000	18.16
1982	329,040,000	15.42
1981	283,256,000	13.39

† Adjusted to reflect stock split.

Income Account *

Year ended	2/1/86	2/2/85
Net sales	$1,920,225,000	$1,717,401,000
Cost of sales	1,148,171,000	1,042,823,000
Expenses	622,444,000	557,817,000
Oper. profit	$ 149,610,000	$ 116,761,000
Other expense	9,845,000	760,000
Total	$ 139,765,000	$ 116,001,000
Interest expense	15,864,000	15,909,000
Income before taxes	$ 123,901,000	$ 100,092,000
Income taxes	59,026,000	46,660,000
Net Income	$ 64,875,000	$ 53,432,000

* Included in Costs and Expenses, Depreciation and Amortization: $33,664,000 in 1986 and $27,380,000 in 1985.

Assets

As of	2/1/86	2/2/85
Cash	$ 14,690,000	$ 12,015,000
Reciev., net	159,728,000	146,373,000
*Inventories	359,734,000	373,216,000
Current Assets	$ 534,152,000	$ 531,604,000
#Fixed assets	265,574,000	228,200,000
Other assets	49,988,000	47,376,000
Total Assets	$ 849,714,000	$ 807,180,000

Liabilities

Unsecured notes payable	$ 5,070,000	$ 71,905,000
Notes payable & long-term debt, curr.	7,721,000	8,146,000
Accts. payable	151,743,000	143,135,000
Accruals	55,217,000	45,403,000
Income taxes	11,896,000	26,600,000
Curr. Liabilities	$ 231,647,000	$ 295,189,000
Long-term debt	90,006,000	42,890,000
Cap. lease oblig.	2,214,000	2,714,000
Deferred credits	48,513,000	38,559,000
+ Common stock	2,441,000	2,421,000
Add. paid-in capital	38,775,000	34,692,000
Retained earnings	436,118,000	390,715,000
Total Liabilities & Shareholders' Equity	$ 849,714,000	$ 807,180,000

* At lower of cost (retail method which approximates FIFO) or market. Footwear mfg. and retail shoe divisions stated at LIFO.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	6.45	5.83
%Net Income to Sales	3.38	3.11
%Net Income to Equity	13.59	12.49
Sales to Inventories	5.34	11.73
Debt to Equity	0.22	0.29
Working Capital	$302,505,000	$236,415,000
Current Ratio	2.31	1.80
Shareholders' Equity	$477,334,000	$427,828,000

Victory Markets Inc.

54 East Main Street
Norwich, New York 13815
(607) 335-4711

Officers: Darryl R. Gregson, chairman of the board, president & chief executive officer; Joseph Y. Nishimura, exec. v.p. & chief financial officer; Joseph A. Natoli, sr. v.p.-store operations; Philip S. Arnone, sr. v.p.-sales & merchandising; Thomas P. Cunningham, v.p.-engineering & construction; Donald Dosch, corporate controller & asst. secretary; Jules S. Fox, v.p.-personnel & labor relations; Raymond F. Herrington, v.p.-meat & deli. operations; Eugene B. Kulakosky, v.p.-grocery & non-food buying; Edwin F. Oberle, v.p.-real estate; Frank L. Powell, v.p. & secretary; Joseph V. Scotto, v.p.-produce operations; Mathew J. Smith, v.p.-management information systems.

Directors: Frank L. Powell, Everett A. Gilmour, Darryl R. Gregson, Robert G. Boulton, H. William Smith, Jr., Milton F. Lewis, Joseph Y. Nishimura, Frank A. Farnsworth, Walter G. Rich.

Business Activities: Engaged primarily in the retail distribution of foods and related consumer products through its retail outlets in central, northern and southern New York and in northeastern Pennsylvania. These stores operate under the names Victory Markets, and Great American Food Stores. The stores are supplied from distribution facilities and a bakery located in Norwich, New York. The Company's also engaged in wholesale grocery sales, the operation of retail gas stations, and real estate.

Subsidiaries:

Tracy Baking Corp.
Dunco Realty & Equipment Co.
U Pump 'Em
Norwich Recycling Corp.
Victory Video

Transfer Agent(s):

The National Bank & Trust Co. of Norwich
Norwich, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: VMKT (NASDAQ)

Number of Stores: (at fiscal year end)

1985	83	1982	90
1984	83	1981	93
1983	87		

Sales and Earnings

	Net Sales	Net Income
1985	$ 394,339,266	$ 3,629,820
1984	361,211,226	2,474,016
1983	329,224,854	2,913,642
1982*	322,753,628	2,636,238
1981	300,859,271	1,012,041

	No. of Com. Shares	Earn. per Share #
1985	1,865,550	$ 1.93
1984	1,675,910	1.46
1983	1,561,826	1.72
1982*	1,491,514	1.57
1981	1,452,342	0.54

* 53 weeks.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1985	$0.40	10%	—
1984	0.36	5%	—
1983	0.27	5%	—
1982	0.16	10%	—
1981	—	—	—

# Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 21,907,318	$ 11.74
1984	18,858,413	11.25
1983	16,915,241	10.31
1982	14,798,112	9.00
1981	13,317,978	7.56

‡ Adjusted to reflect stock dividends.

Income Account

Year ended	12/28/85	12/29/84
Net sales	$ 394,339,266	$ 361,211,226
Cost of sales	310,207,501	283,922,458
Expenses	71,251,922	66,468,477
Depreciation & amortization	5,466,984	4,667,797
Interest expense	2,498,493	2,021,491
Interest income	(121,454)	(116,013)
Income before taxes	$ 5,035,820	$ 4,247,016
Income taxes	1,406,000	1,773,000
Net Income	$ 3,629,820	$ 2,474,016

Assets

As of	12/28/85	12/29/84
Cash	$ 497,581	$ 1,117,696
Accts. receiv., net	3,610,906	3,235,025
*Inventories	26,509,415	20,649,008
Other curr. assets	3,162,129	2,814,279
Current Assets	$ 33,780,031	$ 27,826,008
#Fixed assets	41,782,633	36,448,155
Funds held for construc.	—	1,438,292
Other assets	936,477	1,065,012
Total Assets	$ 76,499,141	$ 66,767,467

Liabilities

Long-term debt, curr.	$ 2,416,563	$ 1,985,981
Cap. lease oblig. curr.	235,941	217,317
Accts. payable & accruals	24,162,580	22,273,958
Accrued payroll	2,651,861	1,916,660
Income taxes	79,566	103,002
Curr. Liabilities	$ 29,546,515	$ 26,496,918
Long-term debt	19,222,489	16,387,954
Cap. lease oblig.	2,964,765	3,200,705
Deferred inc. taxes	2,858,054	1,823,477
+ Common stock	1,180,845	1,063,474
Add. paid-in capital	9,977,755	6,728,570
Retained earnings	13,186,641	13,504,292
Treasury stock	(2,436,923)	(2,437,923)
Total Liabilities & Shareholders' Equity	$ 76,499,141	$ 66,767,467

* At lower of cost (FIFO or retail method) or market; grocery inventories primarily at LIFO.
# Less accumulated depreciation.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.28	1.18
%Net Income to Sales	0.92	0.68
%Net Income to Equity	16.57	13.12
Sales to Inventories	14.88	17.49
Debt to Equity	1.13	1.16
Working Capital	$ 4,233,516	$ 1,319,090
Current Ratio	1.14	1.05
Shareholders' Equity	$21,907,318	$18,858,413

Village Super Market, Inc.

733 Mountain Avenue
Springfield, New Jersey 07081
(201) 467-2200

Officers: Nicholas Sumas, chairman of the board; Perry Sumas, president; Robert Sumas, v.p. & secretary; John Sumas, William Sumas, v.p.'s; James Sumas, v.p. & treasurer; Adam T. Adams, general counsel; Frank Curci, controller; Carol Lawton, v.p. & asst. secretary.

Directors: Nicholas Sumas, Perry Sumas, James Sumas, George J. Andresakes, Robert Sumas, John Sumas, John J. McDermott, William Sumas.

Business Activities: Operates a chain of supermarkets located in New Jersey and Pennsylvania, which sell "Shop-Rite" label products. Also operates two liquor stores and one variety store.

Village Super Market, Inc.

Transfer Agent(s):

Midlantic National Bank
744 Broad Street
Newark, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: VLGE (NASDAQ)

Number of Stores: (at fiscal year end)

1985	24	1982	23
1984	24	1981	23
1983	24		

Sales and Earnings

	Net Sales	Net Income
1985	$ 379,398,000	$ 2,719,000
1984	342,806,000	35,000
1983	317,416,726	1,776,000
1982*	303,992,551	1,625,000
1981	268,976,145	1,357,000

	No. of Com. Shares ‡	Earn. per Share
1985	585,844	$ 4.64
1984	585,844	0.06
1983	586,844	3.03
1982*	586,844	2.77
1981	586,844	2.31

* 53 weeks.
‡ Based on common stock and Class A common stock combined.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.60	—	—
1984	0.75	—	—
1983	0.45	—	—
1982	0.60	—	—
1981	0.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 17,311,226	$ 29.55
1984	14,786,264	25.24
1983	14,993,926	25.55
1982	13,363,699	22.77
1981	11,948,138	20.36

‡ Based on common stock and Class A common stock combined.

Income Account *

Year ended	7/27/85	7/28/84
Net sales	$ 379,398,115	$ 342,805,848
Cost of sales	297,906,635	272,205,508
Expenses	72,227,572	66,392,966
Depreciation & amortization	3,373,371	3,090,190
Interest expense	1,875,251	1,448,919
Inc. (loss) bef. taxes	$ 4,015,286	$ (331,735)
Income taxes (credit)	1,328,000	(328,800)
Eq. in inc. of unconsol. affil.	(31,682)	(37,781)
Net Income	$ 2,718,968	$ 34,846

Assets

As of	7/27/85	7/28/84
Cash	$ 7,013,096	$ 5,955,138
Recov. inc. taxes	—	981,309
Receiv., net	2,263,148	1,927,904
*Inventories	12,283,574	12,018,019
Prepaid expenses	345,845	326,171
Current Assets	$ 21,905,663	$ 21,208,541
Investments	2,692,839	2,459,138
#Fixed assets	29,289,556	22,527,362
Other assets	876,463	1,017,259
Intangibles	3,791,501	3,817,667
Total Assets	$ 58,556,022	$ 51,029,967

Liabilities

Long-term debt, curr.	$ 2,379,959	$ 2,188,629
Cap. lease oblig., curr.	423,431	412,110
Accts. payable & accruals	18,311,308	17,565,828
Income taxes	626,625	—
Curr. Liabilities	$ 21,741,323	$ 20,166,567
Notes & mortg. payaole	6,506,220	6,715,138
Capitalized lease oblig.	11,687,740	8,442,485
Deferred inc. taxes	1,309,513	919,513
+ Common stock	163,172	163,172
+ Class A common stock	131,250	131,250
Add. paid-in capital	1,234,399	1,234,399
Retained earnings	15,827,405	13,302,443
Treasury stock	(45,000)	(45,000)
Total Liabilities & Shareholders' Equity	$ 58,556,022	$ 51,029,967

* Perishables at (FIFO) cost; dairy, frozen foods, liquor at FIFO; grocery and non-foods at LIFO.
# Less accumulated depreciation and amortization.
+ $0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.06	—
%Net Income to Sales	0.72	0.01
%Net Income to Equity	15.71	0.24
Sales to Inventories	30.89	28.52
Debt to Equity	1.21	1.20
Working Capital	$ 164,340	$ 1,041,974
Current Ratio	1.01	1.05
Shareholders' Equity	$17,311,226	$14,786,264

Waldbaum, Inc.

Hemlock Street and Boulevard Avenue
Central Islip, New York 11722
(516) 582-9300

Officers: Ira Waldbaum, president; Aaron Malinsky, exec. v.p.; Ernest Brown, sr. v.p.-sales & merchandising; George Brown, sr. v.p.-store operations; Jack Kaufman, v.p.-finance; Melvin Levy, v.p.-industrial relations; Martin Krichmar, v.p.-produce; Stanley Lang, v.p.-store operations; Dominic Piccininni, v.p.-safety & claims; Martin Waldbaum, v.p.-non-foods; Sidney Zukerman, v.p.-advertising; Erwin Hartman, v.p.-deli operations; Sheldon Levine, v.p.-security; Robert Perfido, v.p.-distribution; Louis Sollicito, v.p.-meat operations; Julia Waldbaum, secretary.

Directors: Ira Waldbaum, Julia Waldbaum, Philip Greene, Kenneth Gordon, Aaron Malinsky.

Business Activities: Operates a chain of Waldbaum's supermarkets in Brooklyn, The Bronx, Staten Island, Queens, Nassau, Suffolk, Westchester, and Rockland counties in New York State and in Connecticut; also operates Food Mart Supermarkets in Connecticut and Massachusetts.

Divisions:

Food Mart Division
Holyoke, Massachusetts

Charro
Trucking Division

Transfer Agent(s):

American Stock Transfer Co.
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WALD (NASDAQ)

Number of Stores: (at fiscal year end)

1984	141	1981	140
1983	144	1980	138
1982	142		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1984	$ 1,711,923	$ 13,028
1983	1,586,895	13,940
1982	1,491,363	16,825
1981	1,375,787	10,376
1980*	1,271,624	10,828

	No. of Com. Shares	Earn. per Share #
1984	5,401,000	$ 2.41
1983	5,244,000	2.58
1982	2,622,000	3.05
1981	2,610,000	1.87
1980*	2,534,000	1.95

* 53 weeks.
# Based on the weighted average number of common shares outstanding adjusted to reflect stock dividends and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1984	—	3%	—
1983	—	—	2-for-1
1982	—	3%	—
1981	—	3%	—
1980	—	3%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1984	$ 128,432,000	$ 23.78
1983	115,411,000	21.37
1982	101,471,000	18.79
1981	86,662,000	15.64
1980	76,294,000	13.77

‡ Adjusted to reflect stock dividends and stock split.

Income Account *
(000's)

Year ended	12/29/84	12/31/83
Net sales	$ 1,711,923	$ 1,586,895
Cost of sales	1,321,459	1,235,798
Expense	362,045	325,267
Interest expense	10,696	8,993
Other income	(5,994)	(6,134)
Loss gain on dispos. of closed stores	369	(1,239)
Income before taxes	$ 23,348	$ 24,210
Income taxes	10,320	10,270
Net Income	$ 13,028	$ 13,940

* Included in Costs and Expenses, Depreciation: $20,044,000 in 1984 and $16,753,000 in 1983.

Assets
(000's)

As of	12/29/84	12/31/83
Cash	$ 23,639	$ 29,143
Receiv., net	9,194	8,923
*Inventories	79,418	69,640
Prepaid expenses & other assets	3,418	2,936
Current Assets	$ 115,669	$ 110,642
#Fixed assets	176,894	156,900
‡Prop. leased under cap. leases	36,993	40,085
Other assets	6,031	6,587
Total Assets	$ 335,587	$ 314,214

Liabilities
(000's)

Mortg. pay., curr.	$ 2,099	$ 1,660
Cap. lease oblig., curr.	2,427	2,467
Accts. payable	62,844	58,201
Accruals & other liabilities	32,346	28,830
Income taxes	907	337
Curr. Liabilities	$ 100,623	$ 91,495
Long-term debt	54,251	55,457

Oblig. under cap. lease	43,811	46,201
Deferred income taxes	4,789	2,759
Other liab.	3,681	2,891
+ Common stock	5,593	5,436
Add. paid-in capital	12,861	10,542
Retained earnings	112,302	101,757
Treasury stock	(2,324)	(2,324)
Total Liabilities & Shareholders' Equity	$ 335,587	$ 314,214

* At LIFO.
# Less accumulated depreciation and amortization.
‡ Less accumulated amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.36	1.53
%Net Income to Sales	0.76	0.88
%Net Income to Equity	10.14	12.08
Sales to Inventories	21.56	22.79
Working Capital	$ 15,046,000	$ 19,147,000
Current Ratio	1.15	1.21
Shareholders' Equity	$128,432,000	$115,411,000

Walgreen Co.

200 Wilmot Road
Deerfield, Illinois 60015
(312) 940-2500

Officers: Charles R. Walgreen, III, chairman & chief exec. officer; Fred F. Canning, president & chief operating officer; Charles D. Hunter, executive v.p. & chief financial officer; L. Daniel Jorndt, sr. v.p. & treasurer; Glenn S. Kraiss, senior v.p.-drug store operations; John R. Brown, sr. v.p.-distribution & mfg.; Vernon A. Brunner, senior v.p.-marketing; William O. Shank, v.p., gen. counsel & corp. secretary; L. Alan Crotty, v.p.-administration; John A. Rubino, v.p.-human resources; John B. Seastone, v.p.-food services; William A. Shiel, v.p.-facilities development; Roger L. Polark, controller; Roger H. Clausen, gen. auditor; Joel H. Levin, Emily Koulogeorge, Julian A. Oettinger, asst. secretaries; John M. Palizza, Richard C. Hilderbrandt, asst. treasurers; John F. Richter, Raymond W. Wirsing, Rudolph J. Macejak, asst. controllers.

Directors: C.R. Walgreen III*, J.E. Jeuck*, A.C. Nielsen, Jr., M.R. Kephart, W.E. Cohen*, C.D. Hunter*, F.F. Canning*, William C. Musham, John b. Schwemm.

* Member of the Executive Committee.

Business Activities: Operates a chain of 1,095 Walgreen drug stores, 94 separate restaurants, and manufacturing facilities for the production of health, beauty and household products. Also operates an international travel service and photo processing facilities.

Divisions:

Drug Store Division
Food Service Division
Manufacturing Division
Photo Processing Studios
International Travel Service

Transfer Agent(s):

The First National Bank of Chicago
Suite 0134
Stock Transfer Dept.
Chicago, Illinois 60670

Morgan Guaranty Trust Company
Stock Transfer Dept.
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York, Midwest

Ticker Symbol: WAG

Number of Stores: (at fiscal year end)

1985	1,095	1982	883
1984	1,002	1981	821
1983	941		

Sales and Earnings

	Net Sales # (000's)	Net Income (000's)
1985	$ 3,161,935	$ 94,169
1984	2,744,625	85,446
1983	2,360,614	69,789
1982	2,039,496	56,064
1981	1,743,471	42,127

	No. of Com. Shares ‡	Earn. per Share ‡
1985	61,397,868	$ 1.53
1984	61,351,244	1.39
1983	61,323,468	1.14
1982	61,017,876	0.93
1981	59,120,880	0.73

# Of continuing operations only.
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.44	—	2-for-1
1984	0.36	—	—
1983	0.30	—	2-for-1
1982	0.25	—	2-for-1
1981	0.22	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1985	$ 480,974,000	$ 7.83
1984	414,618,000	6.76
1983	351,705,000	5.74
1982	299,189,000	4.90
1981	250,503,000	4.24

+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended Aug. 31	1985	1984
Net sales	$ 3,161,935	$ 2,744,625
Cost of sales	2,192,367	1,900,703
Expenses	791,697	691,139
Other expense	4,171	2,800
Income before taxes	$ 173,700	$ 149,983
Income taxes	79,531	69,340
Eq. in earn. of Mex. oper.	—	(1,205)
Gain on sale	—	(3,598)
Net Income	$ 94,169	$ 85,446

* Included in Costs and Expenses, Depreciation and Amortization: $34,350,000 in 1985 and $28,605,000 in 1984.

Assets
(000's)

As of Aug. 31	1985	1984
Cash	$ 24,987	$ 20,053
Marketable securities	57,446	36,540
Accounts receivable	—	29,000
Accts. receiv., net	29,246	21,485
*Inventories	459,258	406,190
Other assets	22,568	18,570
Current Assets	$ 593,505	$ 531,838
Investments	1,437	1,569
#Fixed assets	343,094	281,827
Prop. under cap. leases	23,902	25,569
Total Assets	$ 961,938	$ 840,803

Liabilities
(000's)

Long-term debt, curr.	$ 4,831	$ 3,374
Accts. payable	181,770	156,042
Accrued exp. & other liab.	139,190	129,043
Income taxes	10,686	31,620
Curr. Liabilities	$ 336,477	$ 320,079
Long-term debt	44,336	24,472
Deferred inc. taxes	72,547	52,909
Oblig. under cap. leases	27,604	28,725
+ Common stock	78,002	78,806
Retained earnings	402,972	335,812
Total Liabilities & Shareholders' Equity	$ 961,938	$ 840,803

* At lower of cost (valued on a LIFO basis) or market.
# Less accumulated depreciation.
+ $2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.49	5.46
%Net Income to Sales	2.98	3.11
%Net Income to Equity	19.58	20.61
Sales to Inventories	6.88	6.76
Debt to Equity	0.10	0.07
Working Capital	$257,028,000	$211,759,000
Current Ratio	1.76	1.66
Shareholders' Equity	$480,974,000	$414,618,000

Walker-Scott Corporation

(Became a privately held corporation in August 1985.)

908 Sherman Street
San Diego, California 92110
(619) 291-6800

Officers: Robert J. Dicker, president & chief executive officer; Boyd E. Alvord, sr. exec. v.p., chief financial officer & secretary; John W. Furlong, v.p. & general manager; Leonard Villavicencio, v.p. & general merchandise manager; Janet Shifflette, controller.

Directors: Barry P. Knudson, Vincent T. Godfrey, Robert Breitbard, Boyd E. Alvord, Harry Green, Nelson B. Gross, Robert J. Dicker, Pascal Dilday.

Business Activities: Operates department stores and specialty stores in southern California.

Transfer Agent(s):

California First Bank
San Diego, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WLKS (NASDAQ)

Number of Stores: (at fiscal year end)

1985	12	1982	13
1984	14	1981	12
1983	13		

Sales and Earnings

	Net Sales ‡	Net Income
1985	$ 42,852,012	$ (410,258)
1984	44,208,137	202,218
1983	45,491,829	261,659
1982	45,378,977	33,709
1981	43,105,415	782,860

	No. of Com. Shares	Earn. per Share
1985	414,125	$ —
1984	414,125	0.49
1983	414,125	0.63

1982	414,125	0.08
1981	424,145	1.85

(Loss)
‡ Includes leased departments.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.30	—	—
1984	0.30	—	—
1983	0.375	—	—
1982	0.60	—	—
1981	0.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 6,817,865	$ 16.46
1984	7,352,361	17.75
1983	7,274,381	17.57
1982	7,168,018	17.31
1981	7,518,269	17.73

Income Account *

Year ended Jan. 31	1985	1984
Net sales	$ 42,852,012	$ 44,208,137
Leased dept. sales	2,084,431	2,233,913
Total Income	$ 40,767,581	$ 41,974,224
Cost of sales	29,551,248	30,077,812
Expenses	10,218,635	10,200,748
Other expense	1,848,536	1,422,216
Gain on 6¼% debent.	(30,580)	(38,770)
Income (loss) before taxes	$ (820,258)	$ 312,218
Income taxes (credit)	(410,000)	110,000
Net Income (Loss)	$ (410,258)	$ 202,218

* Included in Costs and Expenses, Depreciation and Amortization: $564,633 in 1985 and $574,634 in 1984.

Assets

As of Jan. 31	1985	1984
Cash	$ 490,872	$ 343,268
Accts. & notes receiv., net	8,812,539	9,772,368
*Inventories	7,151,600	8,188,133
Prepaid expenses	590,995	406,989
Current Assets	$ 17,046,006	$ 18,710,758
#Fixed assets	2,326,410	2,744,964
Note receivable	1,252,307	—
Other property	—	3,146,000
Defer. charges & other assets	557,890	566,073
Total Assets	$ 21,182,613	$ 25,167,795

Liabilities

Bank borrowings	$ 6,272,027	$ 6,827,355
Long-term debt, curr.	503,190	286,436
Accts. payable	2,102,673	2,523,341
Inc. taxes payable	—	20,326
Accruals	1,134,565	1,379,947
Deferred inc. taxes	2,455,579	2,701,267
Curr. Liabilities	$ 12,468,034	$ 13,738,672
Long-term debt	1,896,714	4,076,672
+ Common stock	414,125	414,125
Add. paid-in capital	2,135,984	2,135,984
Retained earnings	4,267,756	4,802,252
Total Liabilities & Shareholders' Equity	$ 21,182,613	$ 25,167,795

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.71
%Net Income to Sales	—	0.46
%Net Income to Equity	—	2.75
Working Capital	$4,577,972	$4,972,086
Current Ratio	1.37	1.36
Shareholders' Equity	$6,817,865	$7,352,361

Wal-Mart Stores, Inc.

702 SW 8th Street
P.O. Box 116
Bentonville, Arkansas 72716
(501) 273-4000

Officers: Sam M. Walton, chairman of the board & chief exec. officer; David D. Glass, president & chief oper. officer; Jack Shewmaker, vice chairman & chief financial officer; S. Robson Walton, vice chairman; A.L. Johnson, exec. v.p.-mdse. & sales; Donald G. Soderquist, exec. v.p.-admin. & operations; Paul R. Carter, exec. v.p.-special div.; James L. Walton, sr. v.p.; B.D. Adams, v.p.-operations; Thomas M. Coughlin, v.p.-operations, Sam's Wholesale Club; Larry W. Dimmit, v.p. & div. mdse. mgr.; David Dible, div. mdse. mgr.; Bill Fields, sr. v.p.-distribution & transportation; H. "Mac" Gammon, sr. v.p.-operations; Joseph P. Hatfield, sr. v.p. & gen. mdse. mgr.; Nick White, sr. v.p.-Sam's Wholesale Club; A.L. Miles, sr. v.p.; Duane G. Naccarato, v.p.-store planning; Dean L. Sanders, sr. v.p. & gen. mdse. mgr.; Thomas P. Seay, sr. v.p.-real estate & construction; Charles E. Self, v.p.-finance; James A. Walker, Jr., controller; Lew Skelton, v.p.-operations; Colon Washburn, sr. v.p. & gen. mdse. mgr.; Harold E. Johnson, sr. v.p.-operations; Dwight A. Carney, v.p.-advertising & sales promotion; Steve Furner, v.p.-operations; David H. Gorman, v.p.-loss prevention; Harry S. Green, v.p.-operations; Michael J. Guccione, v.p.-jewelry; William L. Hutcheson, v.p.-shoe div.; Charles Russell, v.p.-operations; H. Lee Scott, Jr., v.p.-transportation; James K. Comeaux, v.p. & divisional mdse. mgr.; Steve Tiernan, v.p. & divisional mdse. mgr.; P. Terry Tucker, v.p. & divisional mdse. mgr.; Charles R. Rateliff, treasurer; Stephen M. Bailey, Roger Lee Gildehaus, Steve Harig, v.p.'s & div. mdse. mgr.'s; Robert L. Hart, Melvin C. Redman, v.p.'s-operations; Clarence H. Archer, v.p.-pharmacy; Curtis Barlow, v.p.-real estate; Joseph S. Hardin, Jr., v.p.-distribution; Bobby L. Martin, v.p.-data processing; Robert J. Murphey, v.p.-construction; Rob Voss, v.p.-mdse., Sam's Wholesale Club; Robert K. Rhoads, gen. counsel & secretary.

Directors: Sam M. Walton*, chairman of the board; Robert Kahn, Donald G. Soderquist*, James L. Walton*, David D. Glass*, John A. Cooper, Jr., Jackson T. Stephens, Jack Shewmaker*, James H. Jones, S. Robson Walton*, A.L. Johnson*, David R. Banks, Charles Lazarus, William H. Seay.

* Member of the Executive Committee.

Business Activities: Operates 859 Wal-Mart retail stores in 22 states in the South, Southwest and Midwest; also operates 23 Sam's Wholesale Clubs, 2 Dot Discount Drug Stores, and 3 Helen's Arts & Crafts Stores.

Transfer Agent(s):

Centerre Trust Company of St. Louis
510 Locust Street
P.O. Box 14768
St. Louis, Missouri 63178

Stock Exchange(s): New York, Pacific

Ticker Symbol: New York: WMT (common stock), WMT-A (preferred stock), Pacific: WMT.

Number of Stores: (at fiscal year end)

1985	887	1982	491
1984	756	1981	330
1983	551		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	$ 8,451,489	$ 327,473
1985	6,400,861	270,767
1984	4,666,909	196,244
1983	3,376,252	124,140
1982	2,444,997	82,794

	No. of Com. Shares #	Earn. per Share ‡
1986	281,045,471	$ 1.16
1985	280,444,746	0.96
1984	279,831,388	0.70
1983	268,846,176	0.46
1982	259,359,648	0.32

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.
# Adjusted to reflect stock dividends.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	$0.14	100%	—
1985	0.11	—	—
1984	0.07	100%	—
1983	0.05	100%	—
1982	0.03	—	—

† Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$1,277,659,000	$ 4.55
1985	984,672,000	3.51
1984	737,503,000	2.64
1983	488,109,000	1.82
1982	323,942,000	1.25

‡ Adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended Jan 31.	1986	1985
Net sales	$ 8,451,489	$ 6,400,861
Other income	55,127	52,167
Total Income	$ 8,506,616	$ 6,453,028
Cost of sales	6,361,271	4,722,440
Expenses	1,485,210	1,181,455
Interest & debt expense	56,543	47,713
Income before taxes	$ 603,592	$ 501,420
Income taxes	276,119	230,653
Net Income	$ 327,473	$ 270,767

* Included in Costs and Expenses, Depreciation: $89,749 in 1986 and $66,516 in 1985.

Assets
(000's)

As of Jan 31.	1986	1985
Cash	$ 9,250	$ 1,852
Marketable securities	165,168	—
Receiv., net	57,662	45,578
Recov. costs from sales	152,410	142,389
*Inventories	1,388,168	1,103,925
Prepaid expenses	11,617	9,510
Current Assets	$ 1,784,275	$ 1,303,254
#Fixed assets	744,359	467,411
Prop. held under cap. leases	559,091	402,898
Other assets & def. charges	15,920	31,666
Total Assets	$ 3,103,645	$ 2,205,229

Liabilities
(000's)

Long-term debt., curr	$ 1,605	$ 2,982
Oblig under cap. leases. curr.	9,680	7,468
Accts. payable	695,439	451,427
Accruals	107,158	85,225
Accrued payroll	49,698	38,108

Income taxes	89,399	73,359
Other taxes	39,704	30,399
Curr. Liabilities	$ 992,683	$ 688,968
Long-term debt	180,682	41,237
Cap. lease oblig.	595,205	449,886
Deferred inc. taxes	52,514	34,592
Redeem. pref. stoc	4,902	5,874
+ Common stock	28,105	14,022
Add. paid-in capital	181,106	189,907
Retained earnings	1,068,448	780,743
Total Liabilities & Shareholders' Equity	$ 3,103,645	$ 2,205,229

* At cost (LIFO) not in excess of market.
# Less accumulated depreciation.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.14	7.83
%Net Income to Sales	3.87	4.23
%Net Income to Equity	25.63	27.50
Sales to Inventories	6.09	5.80
Debt to Equity	0.62	0.51
Working Capital	$ 791,592,000	$614,286,000
Current Ratio	1.80	1.89
Shareholders' Equity	$1,277,659,000	$984,672,000

Weiman Co., Inc.

4801 West Peterson
Chicago, Illinois 60646
(312) 286-1121

Officers: Richard D. Goddard, chairman of the board & president; Ronald Meyers exec. v.p.; Paul Bohlmann, secretary & treasurer.

Directors: Richard D. Goddard, Ronald Meyers, Peter O. Fetzer, Ronald S. Sheldon.

Business Activities: Manufacturer and distributor of consumer and industrial products primarily in the fields of photography and home furnishings. The photographic group sells photographic and audio visual equipment and supplies, operates film processing and development laboratories and develops negatives, prints, slides and film strips. The home furnishings group distributes correlated wallpaper and fabrics. The manufacturing company produces tooling for the automotive industry. Through its ADCO Products Division, the Company operates a mail order jewelry business.

Divisions and Subsidiaries:

Home Furnishings Group

Woodson Wallpapers Company
New York, New York

Photographic Group

Standard Photo Supply Company
Chicago, Illinois

AGS&R Communications, Inc.
Chicago, Illinois

Gamma Photo Labs, Inc.
Chicago, Illinois

National Photo and Camera Company
Chicago, Illinois

Astra Photo Service Inc.
Chicago, Illinois

Mail Order Group

ADCO Products Division
Chicago, Illinois

Manufacturing Group

Company Products, Inc.
Warren, Michigan

Transfer Agent(s):

Register and Transfer Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: WC

Number of Stores: (at fiscal year end)

1985	2

Sales and Earnings

	Net Sales +	Net Income #
1985	$ 37,588,980	$ 830,607
1984	33,389,865	595,624
1983	29,319,137	154,000
1982	26,110,247	143,000
1981	24,382,468	452,985

	No. of Com. Shares	Earn. per Share ‡#
1985	726,958	$ 1.10
1984	726,958	0.79
1983	735,558	0.20
1982	735,558	0.19
1981	735,558	0.61

+ Of continuing operations only.
# Including extraordinary gains of $147,000 ($0.19 per share) in 1985, $228,000 ($0.30 per share) in 1984, $67,000 ($0.09 per share) in 1983, $52,000 ($0.07 per share) in 1982 and $184,000 ($0.25 per share) in 1981.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1985	1984
Home furnishings	$ 2,476,000	$ 2,568,000
Photographic	28,653,000	25,847,000
Manufacturing	765,000	887,000
Mail order segment	5,774,000	4,132,00
Total	$ 37,668,000	$ 33,434,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.15	—	—
1984	0.10	—	—
1983	0.08	—	—
1982	0.08	—	—
1981	0.08	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 5,873,000	$ 8.08
1984	5,151,000	7.09
1983	4,663,000	6.34
1982	4,569,000	6.21
1981	4,484,000	6.10

Income Account *

Year ended Dec. 31	1985	1984
Net sales	$ 37,588,980	$ 33,389,865
Other income	194,161	123,750
Total Income	$ 37,783,141	$ 33,513,615
Cost of sales	21,482,395	19,439,113
Expense	14,902,529	12,930,799
Interest expense	474,610	530,079
Income before taxes	$ 923,607	$ 613,624
Income taxes	240,000	246,000
Net Income	$ 683,607	$ 367,624
Extraord. gain	147,000	228,000
Net Income & extraord. gain	$ 830,607	$ 595,624

* Included in Costs and Expenses, Depreciation and Amortization: $881,805 in 1985 and $776,556 in 1984.

Assets

As of Dec. 31	1985	1984
Cash	$ 784,270	$ 722,803
Accts. receiv., net	3,997,133	3,884,025
*Inventories	3,116,119	2,768,414
Prepaid expenses	1,045,887	702,187
Deferred inc. taxes	190,000	25,000
Current Assets	$ 9,133,409	$ 8,102,429
#Fixed assets	3,762,750	3,033,170
Other assets	312,384	223,892
Intangibles	1,062,977	1,101,585
Investment in partnership	186,329	231,076
Unexpended bond proceeds	3,894,260	—
Total Assets	$ 18,352,109	$ 12,692,152

Liabilities

Long-term debt, curr.	$ 723,217	$ 588,364
Accts. payable	2,167,220	1,922,060
Accruals	505,501	556,635
Employee compensation	1,798,895	1,460,184
Income taxes	193,210	58,285
Curr. Liabilities	$ 5,388,043	$ 4,585,528
Long-term debt	6,843,017	2,705,138
Deferred comp.	205,000	250,000
Deferred inc. taxes	43,000	—
+ Common stock	735,558	735,558
Add. paid-in capital	760,522	760,522
Retained earnings	4,411,411	3,689,848
Treasury stock	(34,442)	(34,442)
Total Liabilities & Shareholders' Equity	$ 18,352,109	$ 12,692,152

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.46	1.84
%Net Income to Sales	1.82	1.10
%Net Income to Equity	11.64	7.14
Sales to Inventories	12.06	12.06
Debt to Equity	1.29	0.64
Working Capital	$3,745,366	$3,516,901
Current Ratio	1.70	1.77
Shareholders' Equity	$5,873,049	$5,151,486

Weis Markets, Inc.

1000 South Second Street
Sunbury, Pennsylvania 17801
(717) 286-4571

Officers: Sigfried Weis, president; Robert F. Weis, vice president and treasurer; Micheal C. Rheam, vice president and secretary; Richard D. Madison, v.p.-merchandising; Alan L. Barrick, v.p.-engineering and manufacturing; Walter B. Bruce, v.p.-private label; Kenneth M. Gingrich, v.p. & controller; George J. Michalak, v.p.-perishables; John W. Phillips, v.p.; Norman S. Rich, v.p.-store operations; Richard L. Wetzel, v.p.-accounting.

Directors: Sigfried Weis, Robert F. Weis, Micheal C. Rheam, Charles H. Watts, II, Peter M. Sacerdote.

Business Activities: Operates supermarkets in Pennsylvania, New York, West Virginia and Maryland, under the name of Weis Markets. Weis Food Service distributes frozen foods and grocery items to restaurants and institutions. Also operates 9 Amity House Restaurants.

Subsidiaries:

Weis Food Service
Northumberland, Pennsylvania

Transfer Agent(s):

Mellon Bank (East) N.A.
Corporate Trust Department
Philadelphia, Pennsylvania 19101

Stock Exchange(s): New York

Weis Markets, Inc.

Ticker Symbol: WMK

Number of Stores: (at fiscal year end)

1985	122	1982	112
1984	119	1981	110
1983	116		

Sales and Earnings

	Net Sales	Net Income
1985	$1,017,173,000	$ 60,144,000
1984	957,775,000	55,307,000
1983	891,857,000	50,120,000
1982	812,215,000	43,241,000
1981	756,800,000	37,989,000

	No. of Com Shares #	Earn. per Share #
1985	30,778,391	$ 1.95
1984	30,938,716	1.79
1983	30,943,024	1.62
1982	30,860,589	1.40
1981	30,827,376	1.23

# Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.48	—	3-for-2
1984	0.43	—	—
1983	0.37	—	3-for-2
1982	0.34	—	3-for-2
1981	0.30	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 365,828,000	$ 11.89
1984	323,509,000	10.46
1983	283,967,000	9.18
1982	245,186,000	7.94
1981	212,170,000	6.88

‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended	12/28/85	12/29/84
Net sales	$1,017,173,000	$ 957,775,000
Cost of sales	752,984,000	713,618,000
Expenses	176,427,000	161,557,000
Int. & div. income	(16,458,000)	(15,814,000)
Other income	(6,317,000)	(6,198,000)
Income before taxes	$ 110,537,000	$ 104,612,000
Income taxes	50,393,000	49,305,000
Net Income	$ 60,144,000	$ 55,307,000

* Included in Costs and Expenses, Depreciation and Amortization: $15,475,000 in 1985 and $14,388,000 in 1984.

Assets

As of	12/28/85	12/29/84
Cash	$ 312,000	$ 305,000
Marketable securities	210,038,000	193,670,000
Accts. receiv., net	9,464,000	9,446,000
*Inventories	69,535,000	62,638,000
Prepaid expenses & other assets	4,615,000	3,713,000
Current Assets	$ 293,965,000	$ 269,772,000
#Fixed assets	129,747,000	107,475,000
Intangibles	3,826,000	3,169,000
Total Assets	$ 427,537,000	$ 380,416,000

Liabilities

Accts. payable	$ 44,521,000	$ 40,789,000
Accruals	6,500,000	5,589,000
Contrib. to pension plans	2,259,000	2,182,000
Income taxes	2,672,000	4,771,000
Curr. Liabilities	$ 55,952,000	$ 53,331,000
Deferred income taxes	5,757,000	3,576,000
+Common stock	5,915,000	5,439,000
Retained earnings	368,389,000	323,123,000
Treasury stock	(8,476,000)	(5,053,000)
Total Liabilities & Shareholders' Equity	$ 427,537,000	$ 380,416,000

* At lower of cost (LIFO or average cost method) or market.
# Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	10.87	10.92
%Net Income to Sales	5.91	5.77
%Net Income to Equity	16.44	17.10
Sales to Inventories	14.63	15.29
Working Capital	$238,012,000	$216,441,000
Current Ratio	5.25	5.06
Shareholders' Equity	$365,828,000	$323,509,000

Weisfield's, Inc.

800 South Michigan Street
Seattle, Washington 98108
(206) 767-5011

Officers: Herman Blumenthal, president & chief executive officer; Leslie Rosenberg, v.p.-merchandising; Sam Arnstein, v.p.-operations, Northern Region; Jerry Denning v.p.-operations, Southern Region; Gerald A. Prosio, treasurer & chief financial officer; E. Robert Nelson, v.p., gen. counsel & secretary

Directors: Herman Blumenthal, Leslie Rosenberg, Daniel Baty, Thomas Foster, Earle Glant, David C. Wyman

Business Activities: Operates Weisfield's Jewelry Stores in California, Washington, Oregon, Nevada, Arizona and Colorado.

Transfer Agent(s):

Seattle-First National Bank
Seattle, Washington

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WEIS (NASDAQ)

Number of Stores: (at fiscal year end)

1986	82	1983	79
1985	79	1982	76
1984	78		

Sales and Earnings

	Revenues +	Net Income
1986	$ 48,847,000	$ 1,831,000
1985	45,949,000	1,812,000
1984	45,049,000	2,117,000
1983	40,940,894	1,568,290
1982	42,017,952	2,086,575

	No. of Com Shares †	Earn. per Share †
1986	1,095,732	$ 1.52
1985	1,303,834	1.39
1984	1,305,870	1.62
1983	1,305,870	1.20
1982	1,307,964	1.60

+ Of continuing operations only.
† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	$0.50	—	—
1985	0.50	—	—
1984	0.40	—	2-for-1
1983	0.40	—	—
1982	0.325	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	$ 19,886,000	$ 18.15
1985	21,439,000	16.44
1984	20,304,000	15.55
1983	18,708,875	14.33
1982	17,662,933	13.50

† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account

Year ended Jan. 31	1986	1985
Net sale	$ 48,742,000	$ 45,826,000
Other revenues	105,000	123,000
Revenues	$ 48,847,000	$ 45,949,000
Cost of sales	20,927,000	19,351,000
Expenses	18,070,000	17,395,000
Rentals	3,623,000	3,339,000
Depreciation & amortization	1,471,000	1,292,000
Interest expense	523,000	488,000
Prov. for doubtful accts.	808,000	715,000
Income before taxes	$ 3,425,000	$ 3,369,000
Income taxes	1,594,000	1,557,000
Net Income	$ 1,831,000	$ 1,812,000

Assets

As of Jan. 31	1986	1985
Cash	$ 21,000	$ 239,000
Accts. receiv., net	13,820,000	12,183,000
Other receiv.	507,000	473,000
*Inventories	15,795,000	15,108,000
Prepaid expenses	488,000	279,000
Current Assets	$ 30,631,000	$ 28,282,000
#Fixed assets	8,139,000	7,702,000
Other assets	7,000	61,000
Total Assets	$ 38,777,000	$ 36,045,000

Liabilities

Notes payable	$ 5,550,000	$ 3,200,000
Oblig. under cap. leases, curr.	41,000	—
Notes & trade acceptances payable	1,225,000	1,913,000
Accts. payable & accrued expenses	4,728,000	3,389,000
Accruals	2,315,000	1,391,000
Other taxes	460,000	843,000
Income taxes	4,377,000	3,870,000
Curr. Liabilities	$ 18,696,000	$ 14,606,000
Oblig. under cap. leases	195,000	—
+Common stock	2,391,000	2,608,000
Add. paid-in capital	438,000	1,407,000
Retained earnings	18,657,000	17,424,000
Treasury stock	(1,600,000)	—
Total Liabilities & Shareholders' Equity	$ 38,777,000	$ 36,045,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation and amortization.
+ $2 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.03	7.35
%Net Income to Sales	3.76	3.95
%Net Income to Equity	9.21	8.45
Sales to Inventories	3.09	3.03
Debt to Equity	0.34	0.31

Working Capital	$11,935,000	$13,676,000
Current Ratio	1.64	1.94
Shareholders' Equity	$19,886,000	$21,439,000

Wetterau Incorporated

8920 Pershall Road
St. Louis, Missouri 63042
(314) 524-5000

Officers: Ted C. Wetterau, chairman and chief executive officer; Robert K. Crutsinger, president and chief operating officer; John D. Ryan, exec. v.p.; Robert J. Livingston, George H. Thomazin, sr. v.p.'s; Robert E. Mohrmann, sr. v.p.-finance; George Chirtea, first v.p.-corporate retail operations; Dick N. Dalton, first v.p.-communications and strategic planning; Robert L. Pomeroy, first v.p.; William R. Miller, first v.p.-personnel; Robert J. Schneider, first v.p., gen. counsel and secretary; Roger D. Beard, v.p.-data processing; Kurt D. Blumenthal, first v.p. & controller; Andrew Levy, first v.p.-human resources; John R. Dickson, Richard H. Schaefer, H. Wallace Truelock, v.p.'s; Charles A. Gauen, v.p.-risk management; Lawrence C. Hild, v.p. and asst. secretary; Ronald S. Humiston, v.p.-public relations; Joseph W. Lintzenich, v.p.-air transportation; William E. Patton, v.p.-property and facilities; Michael L. Waitukaitis, v.p.-corporate taxes; Harlan W. Idel, treasurer; James V. Mroczkowski, asst. treasurer; A. Sue Rea, asst. secretary.

Directors: Ted C. Wetterau*, chairman; Clarence C. Barksdale, Raymond A. Bartolacci*, Pul A. Cox*, Robert K. Crutsinger*, Gene K. Davis, John J. Goebel*, Robert F. Hyland, Milton F. Lewis*, Robert J. Livingston*, Robert E. Mohrmann*, Richard C. Nieman*, John D. Ryan*, Stanley Simon*, George H. Thomazin*, Leonard V. Waldron*.

* Member of the Executive Committee.

Business Activities: The company ranks as one of the largest food wholesalers in the country. Its 13 food distribution centers serve nearly 1,700 IGA, Foodland, Red & White, Bi-Rite and other retailers in 24 states. Other company subsidiaries and divisions provide a wide range of support services and products-general merchandise, insurance, transportation, bakery products, construction printing, finance, training, data processing and communication services. In the retail area, the Company operates 85 stores, including 71 food stores, and 14 department, drug and health food stores in five states.

Divisions and Subsidiaries:

Trans Continental Leasing, Ltd.
St. Louis, Missouri

Food Lane Supermarkets

Shop 'N Save Warehouse Stores

Save Mart Foods, Inc.

Milgram Food Stores, Inc.

Laneco Stores

Brights Department Stores

Lane Department Stores

Carriage Drugs

Just be Natural

Glenn-Wohlberg & Company

Wetterau Bakery Products Division

Milgram Dairies, Inc.

Fox Grocery Company

Wetterau Builders, Inc.
St. Louis, Missouri

Wetterau Insurance Co., Ltd.
Hamilton, Bermuda

Wetterau Printing Division
St. Louis, Missouri

Wetterau Finance Co.
St. Louis, Missouri

Wetterau Information Services Division
St. Louis, Missouri

Creative Management Institute
St. Louis, Missouri

Transfer Agent(s):

Centerre Trust Company of St. Louis
510 Locust Street
P.O. Box 14768
St. Louis, Missouri 63178

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WETT (NASDAQ)

Number of Stores: (at fiscal year end)

1985 . . . . . . 85 1984 56

Sales and Earnings

	Net Sales	Net Income
1985	$3,100,661,000	$ 26,556,000
1984	2,684,057,000	22,151,000
1983	2,264,978,000	15,415,000
1982	1,957,198,000	1,849,000
1981	1,503,223,000	16,088,000

	No. of Com. Shares	Earn. per Share ‡
1985	10,540,000	$ 2.51
1984	10,632,000	2.05
1983	10,800,000	1.91
1982	7,626,000	0.25
1981	7,555,000	2.13

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1985	1984
Food distribution	$2,915,756,000	$2,540,031,000
Industries	184,905,000	144,026,000
Total	$3,100,661,000	$2,684,057,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.86	—	—
1984	0.80	—	—
1983	0.80	—	—
1982	0.78	—	—
1981	0.70	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 171,963,000	$ 16.32
1984	156,803,000	14.75
1983	146,684,000	13.58
1982	97,742,000	12.82
1981	104,150,000	13.79

Income Account *
(000's)

Year ended	3/30/85	3/31/84
Net sales	$ 3,100,661	$ 2,684,057
Other income	29,867	22,203
Total Income	$ 3,130,528	$ 2,706,260
Cost of sales	2,811,770	2,455,819
Expenses	265,596	206,187
Interest expense	8,910	7,130
Income before taxes	$ 44,252	$ 37,124
Income taxes	19,560	16,727
Earn. of nonconsol. subsid.	(1,864)	(1,754)
Net Income	$ 26,556	$ 22,151

* Included in Costs and Expenses, Depreciation and Amortization: $21,998,000 in 1985 and $17,355,000 in 1984.

Assets
(000's)

As of	3/30/85	3/31/84
Cash	$ 42,028	$ 23,557
Accts. receiv., net	75,322	75,003
*Inventories	180,967	141,000
Prepaid expenses	16,849	10,387
Current Assets	$ 315,166	$ 249,947
Due from nonconsol. subsid.	8,173	1,528
Notes receivable	6,381	8,445
Invest. in nonconsol. subsid.	17,284	15,420
#Fixed assets	165,215	121,527
Other assets	44,103	38,291
Total Assets	$ 556,322	$ 435,158

Liabilities
(000's)

Short-term borr.	$ 1,759	$ 1,813
Long-term debt & cap. lease oblig., curr.	9,699	11,019
Accts. payable	132,108	109,080
Checks outstanding	7,483	10,409
Accruals	49,555	31,487
Income taxes	3,645	6,744
Curr. Liabilities	$ 204,249	$ 170,552
Long-term debt & cap. lease oblig.	161,954	93,710
Deferred inc. taxes	13,447	10,464
Other liabilities	4,709	3,629
+Common stock	10,846	10,842
Add. paid-in capital	79,372	79,455
Retained earnings	87,775	70,311
Treasury stock	(6,030)	(3,805)
Total Liabilities & Shareholders' Equity	$ 556,322	$ 435,158

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.43	1.38
%Net Income to Sales	0.86	0.83
%Net Income to Equity	15.44	14.13
Sales to Inventories	17.13	19.04
Debt to Equity	1.01	0.68
Working Capital	$110,917,000	$ 79,395,000
Current Ratio	1.54	1.47
Shareholders' Equity	$171,963,000	$156,803,000

Weyenberg Shoe Manufacturing Company

P.O. Box 1188
234 East Reservoir Avenue
Milwaukee, Wisconsin 53201

Officers: Thomas W. Florsheim, chairman of the board and chief exec. officer; Robert Feitler, president; James F. Gorman, Peter S. Grossman, v.p.'s-sales; Thomas O. McArdle, v.p.-merchandising; Bernard R. Tolzman, secretary; Roland L. Keuler, treasurer; David N. Couper, v.p.-manufacturing.

Directors: Thomas W. Florsheim, chairman; Robert Feitler, Roland H. Wegener, M.A. Gruber, M.A. Pfaelzer, Frederick P. Stratton, Jr., Frank W. Norris.

Business Activities: Manufactures, retails and wholesales men's footwear. Operates a nationwide chain of leased shoe departments and retail shoe stores, including Brass Boot Shoe Stores.

Divisions and Subsidiaries:

Nunn Bush Shoe Co., a wholly owned subsidiary of Weyenberg, manufactures wholesales and retails men's footwear. Operates leased departments and stores including Brass Boots.

Weyenberg Shoe Manufacturing Company

Morgan Hayes division of Nunn Bush retails men's footwear through a chain of stores and leased departments in Texas.

Adler Shoe Shops, Inc., a wholly owned subsidiary of Weyenberg, operates a chain of men's shoe stores in New York.

Retail Division
Stacy-Adams Division
Wholesale Division

Transfer Agent(s):

First Wisconsin Trust Company
Milwaukee, Wisconsin 53202

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WEYS

Number of Stores: (at fiscal year end)

	Leased Depts.	Co-owned Stores
1985	83	66
1984	80	67
1983	69	70
1982	80	76
1981	74	71

Sales and Earnings

	Net Sales	Net Income
1985	$ 111,511,922	$ 4,779,056
1984	108,422,459	4,304,600
1983	103,654,281	3,902,973
1982	97,521,043	3,239,851
1981	92,321,946	3,131,963

	No. of Com. Shares †	Earn. per Share †
1985	596,793	$ 8.01
1984	598,915	7.19
1983	600,704	6.50
1982	583,453	5.55
1981	687,132	4.56

† Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$1.34	—	—
1984	1.26	—	—
1983	1.19	—	—
1982	1.16	—	—
1981	1.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 32,482,631	$ 54.43
1984	28,907,672	48.27
1983	25,441,172	42.35
1982	22,299,508	38.22
1981	22,309,796	32.47

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended Dec. 31	1985	1984
Net sales	$ 111,511,922	$ 108,422,459
Cost of sales	72,751,448	72,354,488
Expenses	30,532,180	28,416,166
Oper. profit	$ 8,228,294	$ 7,651,805
Interest expense	120,970	329,115
Interest & other income	(901,732)	(690,910)
Income before taxes	$ 9,009,056	$ 8,013,600
Income taxes	4,230,000	3,709,000
Net Income	$ 4,779,056	$ 4,304,600

* Included in Costs and Expenses, Depreciation and Amortization: $1,147,426 in 1985 and $1,119,924 in 1984.

Assets

As of Dec. 31	1985	1984
Cash	$ 8,892,698	$ 7,057,615
Accts. receiv., net	16,264,610	17,115,993
*Inventories	13,772,855	11,256,602
Current Assets	$ 38,930,163	$ 35,430,210
Investments	179,278	138,319
#Fixed assets	5,409,983	6,755,268
Total Assets	$ 44,519,424	$ 42,323,797

Liabilities

	1985	1984
Accts. payable	$ 4,716,625	$ 5,648,925
Dividend payable	195,769	186,128
Accruals	3,302,364	3,107,832
Income taxes	706,322	990,521
Curr. Liabilities	$ 8,921,080	$ 9,933,406
Deferred invest. grant	69,713	908,719
Deferred inc. taxes	2,565,000	2,574,000
Deferred compensation	481,000	—
+ Add. paid-in capital	1,335,182	1,335,182
Retained earnings	47,564,702	43,555,935
Treasury stock	(16,417,253)	(15,983,445)
Total Liabilities & Shareholders' Equity	$ 44,519,424	$ 42,323,797

* At LIFO cost.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

	1985	1984
%Income bef. Taxes to Sales	8.08	7.39
%Net Income to Sales	4.29	3.97
%Net Income to Equity	14.71	14.89
Sales to Inventories	8.10	9.63
Working Capital	$30,009,083	$25,496,804
Current Ratio	4.36	3.57
Shareholders' Equity	$32,482,631	$28,907,672

Wherehouse Entertainment, Inc.

(formerly Integrity Entertainment Corp.)

14100 South Kingsley Drive
Gardena, California 90249
(213) 538-2314

Officers: Louis A. Kwiker, president & chief executive officer; Jeffrey D'Arcy, v.p.-real estate; Alan Pachtman, v.p., treasurer & secretary; John Scales, sr. v.p.-operations; Glenn Mosley, v.p.-warehouse operations; Richard H. Chapin, sr. v.p. & chief financial officer; Mary A. Keller, sr. v.p.-human resources; Gary Leonhard, sr. v.p. & gen. mdse. mgr.; Kelly Conway, v.p.-advertising; Kenneth Leonard, v.p.-loss prevention and safety; Ralph Levy, controller; Jesse Stancarone, v.p.-management information systems.

Directors: Louis A. Kwiker, Lawrence K. Harris, Donald E. Martin, George A. Smith, Joel D. Tauber, Michael T. O'Kane.

Business Activities: Specialty retailers of home enterainment and information software, including prerecorded music and compact discs, video movies and music, blank video ad audio tape and personal and home computer software. The majority of stores are in California with the remainder in neighboring states.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: WEI

Number of Stores: (at fiscal year end)

1985	155	1982	N.A.
1984	134	1981	139
1983	126		

N.A.-Not Available

Sales and Earnings

	Revenue	Net Income
1985	$ 137,777,000	$ 6,374,000
1984	105,542,000	4,467,000
1983	82,810,000	2,148,000
1982	83,401,000	928,000
1981	82,654,197	2,369,528

	No. of Com. Shares #	Earn. per Share #
1985	5,217,000	$ 0.98
1984	4,659,000	0.77
1983	3,819,000	0.45
1982	3,743,000	0.20
1981	3,763,000	0.50

# Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share #
1985	$ 48,773,000	$ 9.35
1984	21,635,000	4.64
1983	7,565,000	1.98
1982	6,896,000	1.84
1981	5,890,238	1.57

# Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Income Account *

Year ended June 30	1985	1984
Net sales	$ 137,777,000	$ 105,542,000
Cost of sales	81,302,000	63,640,000
Expenses	45,391,000	33,828,000
Interest expense	1,308,000	1,058,000
Interest & other inc.	(704,000)	(771,000)
Income bef. taxes	$ 10,480,000	$ 7,787,000
Income taxes	4,106,000	3,320,000
Net Income	$ 6,374,000	$ 4,467,000

* Included in Costs and Expenses, Depreciation and Amortization: $2,343,000 in 1985 and $1,516,000 in 1984.

Assets

As at June 30	1985	1984
Cash	$ 8,494,000	$ 6,107,000
Investments	2,738,000	—
Receivables, net	1,786,000	1,103,000
*Inventories	36,239,000	27,425,000
Video rental tapes	17,336,000	8,175,000
Prepaid income taxes	1,887,000	—
Prepaid expenses	969,000	1,485,000
Current Assets	$ 69,449,000	$ 44,295,000
#Fixed assets	16,162,000	7,032,000
Other assets	1,666,000	1,455,000
Total Assets	$ 87,277,000	$ 52,782,000

Liabilities

	1985	1984
Notes payable	$ —	$ 2,000,000
Long-term debt, curr.	1,815,000	480,000
Accts. payable	26,152,000	19,642,000
Accruals	2,089,000	2,095,000
Income taxes	—	78,000
Other taxes	523,000	400,000
Curr. Liabilities	$ 30,579,000	$ 24,695,000
Long-term debt	7,925,000	6,452,000
+ Common stock	71,000	49,000
Add. paid-in capital	29,231,000	8,769,000
Receiv. from stock plan	—	(280,000)

Retained earnings	19,471,000	13,097,000
Total Liabilities & Shareholders' Equity	$ 87,277,000	$ 52,782,000

* At lower of cost (LIFO and FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.61	7.38
%Net Income to Sales	4.63	4.23
%Net Income to Equity	13.07	20.65
Sales to Inventories	3.80	3.85
Debt to Equity	0.20	0.41
Working Capital	$38,870,000	$19,600,000
Current Ratio	2.27	1.79
Shareholders' Equity	$48,773,000	$21,635,000

Wickes Companies, Inc.

(formed through the merger of The Wickes Corporation with Gamble-Skogmo)

3340 Ocean Park Boulevard
Santa Monica, California 90405
(213) 452-0161

Officers: Sanford C. Sigoloff, chairman of the board, president & chief executive officer; Wilhelm A. Mallory, sr. exec. v.p. & chief financial officer; Lawrence P. Friedman, sr. v.p.-human resources; Seymour Strasberg, sr. v.p.-strategic planning; Ronald D. Strongwater, sr. v.p.-real estate; James M. Van Tatenhove, sr. v.p.-administration; James N. Castleberry, v.p.-controls evaluation and compliance; Michael S. Sitrick, sr. v.p.-communications; Michael Jamieson, v.p. & controller; Ervin J. Bolks, v.p. and treasurer; Alvin G. Segel, sr. v.p. general counsel and secretary.

Directors: Sanford C. Sigoloff, Sanford Kaplan, Rita E. Hauser, Ellsworth L. Johnson, Preston Silbaugh, Wilhelm Mallory, Peter Sweet, Edmund, Kaufman.

Areas of Work: Wickes Companies operate a large variety of retail outlets throughout the United States. Wickes Lumber operates 211 lumber and building supply stores in 36 states. Builders Emporium is a chain of 66 home improvement centers in California. Wickes plc operates 54 home centers in The Netherlands, Belgium, and Great Britain.

The food and drug operations of the company are comprised of Red Owl which operates 28 retail food stores and supplies wholesale merchandise to 330 independent retailers in a six-state Midwest area; and Snyder's Drug Stores, Inc., which operates 54 drug stores in the Midwest and wholesales merchandise to 164 independent drug stores.

General merchandising and specialty retailing activities are conducted by Simmons Universal Corporation, which manufactures home furnishings and markets them primarily through its sales force; Wickes Furniture, which sells home furnishings in 15 warehouse showrooms; Leath Furniture operating 38 furniture centers in the Midwest and Florida; Howard Brothers, which operates 88 discount department stores in 10 Southern states; Mode O'Day, which operates 37 women's apparel stores under the Double Up, Fashion Crossroads, and Sarco names and also manufactures women's fashions which are merchandised through 410 franchised women's specialty apparel stores. Other retail operations are: Woman's World Shops, consisting of 210 specialty stores in metropolitan markets featuring quality, brand fashions in large sizes.

Other business activities include the manufacture of furniture through Yorktowne; the manufacture of women's apparel and hosiery through the Kayser-Roth Corporation; and the manufacture and distribution of automotive parts.

The Company also operates Wickes Credit, which purchases and finances accounts receivable generated by the retailing divisions of Wickes. Western Diversified Services offers credit life and credit accident and health insurance to customers and unrelated companies.

Divisions and Subsidiaries:

Builders Emporium
2162 Michelson Drive
Irvine, CA 92715
(714) 975-0808

Howard Bros. Discount Stores, Inc.
3030 Aurora
Monroe, Louisiana 71201
(318) 387-6471

Leath Home Furnishings
7111 North Lincoln Avenue
Chicago, Illinois 60646
(312) 675-1980

Mode O'Day Company
2130 North Hollywood Way
Burbank, California 91505
(213) 843-4340

Red Owl Stores, Inc.
215 Excelsior Avenue East
Hopkins, Minnesota 55343
(612) 932-2395

Snyder Drug Stores, Inc.
215 Excelsior Avenue East
Hopkins, Minnesota 55343
(612) 932-2432

Woman's World Shops, Inc.
8000 Parkway Drive
La Mesa, California 92041
(714) 460-5902

Wickes plc (85% owned)
England

Wickes Furniture
351 West Dundee Road
Wheeling, Illinois 60090
(312) 541-0100

Wickes Lumber
515 North Washington Avenue
Saginaw, Michigan 48607
(517) 754-9121

Sequoia Supply, Inc.
30160 S.W. Orepac Avenue
Wilsonville, Oregon 97070
(503) 682-2822

Western Diversified Services Group
351 West Dundee Road
Wheeling, Illinois 60090
(312) 541-5800

Wickes Credit Corporation
351 West Dundee Road
Wheeling, Illinois 60090
(312) 541-0100

Yorktowne
P.O. Box 231
Red Lion, Pennsylvania 17356
(717) 244-4011

Simmons Universal Corporation
Kayser-Roth Corporation

Transfer Agent(s):

J. Henry Schroder
Bank and Trust Company of New York
One State Street
New York, N.Y. 10015

Stock Exchange(s): American, Pacific

Ticker Symbol: WKS

Number of Stores: (at fiscal year end)

1985	800	1984	2,000

Sales and Earnings

	Net Sales + (000's)	Net Income # (000's)
1986	$ 2,806,229	$ 76,130
1985	1,647,881	296,536
1984	1,495,388	24,794
1983	1,240,435	(248,682)
1982	2,079,496	(258,253)

	No. of Com. Shares	Earn. per Share ‡#
1986	133,854,000	$ 0.47
1985	95,903,000	20.30
1984	14,385,000	1.72
1983	14,385,000	—
1982	14,208,000	—

(Loss)
+ Of continuing operations only.

# Including extraordinary gains of $35,482,000 ($0.36 per share) in 1986, $279,522,000 ($19.13 per share) in 1985 and $11,618,000 ($0.81 per share) in 1984.
‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	0.52	5%	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	$ 516,902‡	$ 3.86
1985	340,333	3.55
1984	(207,680)	—
1983	(230,206)	—
1982	23,124	1.63

(Deficiency)
‡ After allowing for preferred stock at liquidation value of $40 per share.

Income Account
(000's)

Year ended	1/25/86	1/26/85
Net sales	$ 2,806,229	$ 1,647,881
Cost of sales	2,495,027	1,552,068
Taxes	54,801	29,551
Depreciation & amortization	47,501	24,582
Rents	38,116	26,269
Interest expense	125,057	11,972
Gain on sale of eq. secur.	(3,865)	—
Income before taxes	$ 49,592	$ 3,439
Income taxes	21,516	2,515
Income-cont. oper.	$ 28,076	$ 924
Income-discont. oper.	12,572	16,090
Net Income	$ 40,648	$ 17,014
Extraordinary gain	35,482	279,522
Net Income & extraord. gain	$ 76,130	$ 296,536

Assets
(000's)

As of	1/25/86	1/26/85
Cash & short-term invest.	$ 80,576	$ 107,330
Receiv., net	595,217	296,811
*Inventories	723,292	460,123
Assets of discont. oper.	336,349	43,114
Other curr. assets	57,188	23,523
Current Assets	$ 1,792,622	$ 930,901
Investments in unconsol. subsid.	—	12,836
#Fixed assets	512,784	320,233
Other assets	109,996	39,408
Investments & other receiv.	21,541	9,630
Purch. price in exc. of assets acq.	211,355	—
Total Assets	$ 2,648,298	$ 1,313,008

Liabilities
(000's)

Notes payable	$ 54,549	$ 1,651
Long-term debt	140,902	97,535
Accts. payable	238,295	147,426
Accruals	361,044	152,408
Other liabilities	9,276	6,041
Curr. Liabilities	$ 804,066	$ 405,061

Long-term debt	726,925	459,687
Cap. lease oblig.	60,463	83,245
Deferred inc. taxes	79,917	24,682
+ Preferred stock	1,840	—
+ Common stock	13,385	9,590
Add. paid-in capital	962,851	393,078
Retained earnings (deficit)	1,021	(50,685)
For. curr. trans. adjust.	(2,170)	(11,650)
Total Liabilities & Shareholders' Equity	$ 2,648,298	$ 1,313,008

* At lower of cost (FIFO) or market, not in excess of net realizable value.

# Less accumulated depreciation and amortization.

+ $0.10 par value.

Statistical Summary

%Net Income to Equity	4.16	5.00
Sales to Inventories	3.88	3.58
Debt to Equity	0.94	1.64
Working Capital	$988,556,000	$525,840,000
Current Ratio	2.23	2.30
Shareholders' Equity	$976,927,000	$340,333,000

Wieboldt Stores, Inc.

(Acquired by WSI Acquistion Corporation in December 1985)

One North State Street
Chicago, Illinois 60602
(312) 782-1500

Officers: Gilbert K. Granet, chairman of the board; Stanley Seiden, president & chief operating officer; John L. Kufner, sr. v.p.-stores; Kenneth E. Rapacz, sr. v.p.-finance & secretary; John L. Grimes, sr. v.p. & gen. operating mgr.; Marie P. Alexander, sr. v.p.-sales promotion; Joyce Grenis, sr. v.p.-human resources; Gary Boubek, controller, asst. treasurer & asst. secretary.

Directors: Gilbert K. Granet, chairman; David E. Babcock, George Kelly, Robert A. Podesta, Stanley Seiden, John H. Shepherd, Jean Claude Tunon.

Business Activities: Operates department stores throughout the metropolitan area of Chicago.

Number of Stores: (at fiscal year end)

1985	13	1982	14
1984	13	1981	14
1983	13		

Sales and Earnings

	Net Sales	Net Income
1985	$ 160,079,178	$ 3,269,296

	No. of Com. Shares	Earn. per Share ‡
1985	—	$ 0.06

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 33,725,106	$ —

Income Account

Year ended	1/4/86
Net sales	$ 160,079,178
Cost of sales	103,529,841
Other income	(226,416)
Payrolls	26,673,122
Depreciation & amortization	4,437,153
Other expenses	30,363,490
Gain on sale of invest.	(8,064,208)
Income before taxes	$ 3,366,196
Income taxes	96,900
Net Income	$ 3,269,296

Assets

As of	1/2/86
Cash	$ 4,168,041
Accts. receiv., net	14,530,288
Inventories	14,656,381
Prepaid expenses	9,316,979
Current Assets	$ 42,671,689
#Fixed assets	49,200,916
Other assets	46,246,228
Total Assets	$ 138,118,833

Liabilities

Long-term debt, curr.	$ 591,371
Oblig. under cap. leases, curr.	1,323,311
Accts. payable	20,251,060
Accruals	10,419,854
Curr. Liabilities	$ 32,585,596
Mortgages payable	46,757,300
Oblig. under cap. leases	4,985,176
Reserves & def. charges	19,128,284
Other liabilities	937,371
Capital stock	15,713,888
Retained earnings	18,011,218
Total Liabilities & Shareholders Equity	$ 138,118,833

# Less accumulated depreciation.

Statistical Summary

%Income bef. Taxes to Sales	2.10
%Net Income to Sales	2.04
%Net Income to Equity	9.69
Sales to Inventories	10.92
Debt to Equity	1.59
Working Capital	$10,086,093
Current Ratio	1.31
Shareholders' Equity	$33,725,106

Wiener Enterprises Inc.

5725 Powell Street
Harahan, Louisiana 70183
(504) 733-7055

Mailing address:

P.O. Box 23607
New Orleans, Louisiana 70183

Officers: Philip Birch, chairman of the board; David D. de Carle, vice chairman of the board; Sander N. Wiener, president & chief executive officer; Norris J. Gremillion, exec. v.p.; J. Michael Doherty, sr. v.p., secretary and treasurer; John W.E. Sharp, exec. v.p.; J. Randy Ferguson, sr. v.p.; Frank C. Shows, v.p.

Directors: Philip Birch*, chairman; David D. de Carle*, Norris J. Gremillion*, Sander N. Wiener*, Allen A. Copping, Sidney C. Pulitzer, Stanley E. Ellington, Jr., Philip C. Keevil, F.C. Marrison, C. Gorham Phillips, John W.E. Sharp*.

* Member of the Executive Committee.

Business Activities: Operates specialty apparel shops and shoe stores in Louisiana, Texas, Florida, Arkansas, Mississippi and Alabama. These stores operate under the names Shoe Town and Shoe Lodge, Danny's and The Ranch (apparel and shoe operations).

Transfer Agent(s):

Texas Commerce Bank, N.A.
Texas Commerce Tower - 600 Travis
Houston, Texas 77002

Stock Exchange(s): American

Ticker Symbol: WPB

Number of Stores: (at fiscal year end)

1986	112	1983	81
1985	101	1982	136
1984	88		

Sales and Earnings

	Net Sales *	Net Income †
1986	$ 58,194,000	$ 1,996,000
1985	55,413,000	3,150,000
1984	51,054,000	3,050,000
1983	46,017,000	(1,063,000
1982	65,996,000	(148,000)

	No. of Com. Shares +	Earn. per Share ‡†
1986	2,336,000	$ 0.85
1985	2,336,000	1.35
1984	2,318,000	1.32
1983	2,276,000	—
1982	2,276,000	—

(Loss)

† Including extraordinary gains of $530,000 ($0.23 per share) in 1984.

+ Adjusted to reflect stock split.

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.44	—	—
1984	0.035	—	2-for-1
1983	0.02	—	—
1982	0.02	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	$ 14,863,000	$ 6.36
1985	13,801,000	5.91
1984	11,642,000	5.03
1983	8,585,000	3.77
1982	9,693,000	4.26

‡ Adjusted to reflect stock split.

Income Account *

Year ended	1/25/86	1/26/85
Net sales	$ 58,194,000	$ 55,413,000
Cost of sales	31,663,000	29,932,000
Expenses	22,564,000	19,642,000
Interest expense	502,000	100,000
Income before taxes	$ 3,465,000	$ 3,150,000
Income taxes	1,469,000	—
Net Income	$ 1,996,000	$ 3,150,000

* Included in Costs and Expenses, Depreciation and Amortization: $1,727,000 in 1986 and $1,486,000 in 1985.

Assets

As of	1/25/86	1/26/85
Cash	$ 383,000	$ 1,611,000
Marketable securities	240,000	—
Receiv., net	1,015,000	378,000
*Merchandise inventory	15,141,000	12,847,000
Prepaid expenses	427,000	213,000
Current Assets	$ 17,206,000	$ 15,049,000
Other assets	186,000	171,000
#Fixed assets	6,791,000	5,740,000
Intangibles	108,000	115,000
Total Assets	$ 24,291,000	$ 21,075,000

Liabilities

Notes payable	$ 4,167,000	$ —
Long-term debt, curr.	215,000	283,000
Accts. pay. & accruals	3,594,000	5,035,000

Income taxes		285,000
Curr. Liabilities	$ 7,976,000	$ 5,603,000
Long-term debt	1,452,000	1,671,000
+ Common stock	2,336,000	2,336,000
Add. paid-in capital	66,000	66,000
Retained earnings	12,461,000	11,399,000
Total Liabilities & Shareholders' Equity	$ 24,291,000	$ 21,075,000

* At lower of cost or market as determined by the retail method.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

% Income bef. Taxes to Sales	5.95	10.36
% Net Income to Sales	3.43	5.68
% Net Income to Equity	13.43	22.82
Sales to Inventories	3.84	4.31
Debt to Equity	0.39	0.14
Working Capital	$ 9,230,000	$ 9,446,000
Current Ratio	2.16	2.69
Shareholders' Equity	$14,863,000	$13,801,000

The William Carter Company

963 Highland Avenue
Needham Heights, Massachusetts 02194
(617) 444-7500

Officers: Manson H. Carter, chairman of the board & chief exec. officer; Richard G. Holland, Jr., president & chief operating officer; James B. Haymes, sr. v.p.-finance; James F. Mulcahy, Jr., sr. v.p.-sales; Thomas W. Roberts, Jr., sr. v.p.-manufacturing; William H. Carter, II, sr. v.p.-international; John G. Heald, v.p.-national accounts; Richard P. Kitchner, v.p.-corporate planning; Robert S. Miller, v.p.-sales & special research; L. Terry Louis, v.p.-sales, Eastern Region; John J. Cash, v.p.-sales, Midwestern Region; Donald J. Griffin, exec. sr. v.p.-merchandising; John A. MacEachern, v.p.-sales, Western Region; Thomas A. Moore, treasurer; Fred L. Morse, asst. treasurer & asst. secretary; David Y. Gardner, controller; Stephen W. Carter, clerk.

Directors: Richard G. Holland, Jr., Dana P. Carter, Manson H. Carter, Richard O. Howe, Richard W. Southgate, E. Morton Jennings, Jr., William H. Carter II, Donald J. Griffin, Ellis E. Meredith.

Business Activities: Engaged in the production and sale of infantswear and playwear, sleepwear and underwear for children, under the brand name of "Carter's." Operates outlet stores which sell irregulars, closeout merchandise, and non-Company products.

Transfer Agent(s):

The William Carter Company
Needham Heights, Massachusetts

Stock Exchange(s): Over-the-Counter

Number of Stores: (at fiscal year end)

1985	67	1982	56
1984	72	1981	51
1983	62		

Sales and Earnings

	Net Sales	Net Income †
1985	$ 211,453,000	$ 3,063,000
1984	219,230,000	5,543,000
1983	210,000,000	7,585,000
1982	192,191,000	6,878,000
1981	189,695,000	6,842,000

	No. of Com Shares ‡	Earn per Share ‡ †
1985	1,724,564	$ 1.78
1984	1,717,637	3.23
1983	1,696,723	4.47
1982	1,682,970	4.09
1981	1,679,688	4.07

† Including extraordinary gain of $1,751,000 ($1.02 per share) in 1984.
‡ Based on the weighted average number of common shares and common stock equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1985	$0.80	—	
1984	0.77⅓	—	3-for-2
1983	0.67⅓	—	—
1982	0.59⅓	—	2-for-1
1981	0.51⅓	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	$ 73,900,000	$ 42.85
1984	72,254,000	42.07
1983	67,740,000	39.92
1982	61,022,000	36.26
1981	55,018,000	32.75

‡ Adjusted to reflect stock splits.

Income Account *

Year ended	12/28/85	12/29/84
Net sales	$ 211,453,000	$ 219,230,000
Cost of sales	154,376,000	160,290,000
Expenses	48,499,000	48,382,000
Interest expense	4,407,000	5,350,000
Other income	(884,000)	(1,040,000)
Income before taxes	$ 5,055,000	$ 6,248,000
Income taxes	1,992,000	2,456,000
Net Income	$ 3,063,000	$ 3,792,000
Extraordinary gain	—	1,751,000
Net Income & extraord. gain	$ 3,063,000	$ 5,543,000

* Included in Costs and Expenses, Depreciation $4,232,000 in 1985 and $3,638,000 in 1984.

Assets

As of	12/28/85	12/29/84
Cash	$ 1,502,000	$ 886,000
Accts. receiv., net	24,138,000	27,273,000
*Inventories	66,747,000	77,305,000
Prepaid expenses	2,185,000	1,228,000
Current Assets	$ 94,572,000	$ 106,692,000
#Fixed assets	36,412,000	36,836,000
Total Assets	$ 130,984,000	$ 143,528,000

Liabilities

Notes payable	$ 2,836,000	$ 2,289,000
Accts. payable	7,028,000	10,621,000
Accruals	6,567,000	6,827,000
Income taxes	—	769,000
Other liab.	2,661,000	2,091,000
Curr. Liabilities	$ 19,092,000	$ 22,597,000
Notes payable	32,190,000	44,274,000
Deferred inc. taxes	5,802,000	4,403,000
+ Common stock	8,645,000	8,624,000
Add. paid-in capital	141,000	90,000
Retained earnings	65,223,000	63,540,000
Treasury stock	(109,000)	—
Total Liabilities & Shareholders' Equity	$ 130,984,000	$ 143,528,000

* At lower of cost (FIFO) or market.
# Less accumulated depreciation.
+ $5 par value.

Statistical Summary

% Income bef. Taxes to Sales	2.39	2.85
% Net Income to Sales	1.45	1.73
% Net Income to Equity	4.14	5.25
Sales to Inventories	3.17	2.84
Debt to Equity	0.47	0.64
Working Capital	$75,480,000	$84,095,000
Current Ratio	4.95	4.72
Shareholders' Equity	$73,900,000	$72,254,000

Winn-Dixie Stores, Inc.

5050 Edgewood Court
Post Office Box B
Jacksonville, Florida 32203
(904) 783-5000

Officers: Robert D. Davis, chairman of the board; A. Dano Davis, president; F.L. James*, exec. v.p.; S.W. Evans*, R.J. Holmes*, James Kufeldt*, C.H. McKellar*, sr. v.p.'s; T. Wayne Davis, Jr., T.N. Alexander, O.D. Carpenter, J.H. Childers, C. Lester Cotton, F.W. Hammond, T.E. McDonald, J.D. James, D.L. Kimsey, L.G. Libby, R.W. Massey, H.F. Minshew, T.H. Moss, L.B. Perry, C.R. Raulerson, L.J. Sadlowski, E.T. Walters, G.P. Woodard, Jack P. Jones, R.P. McCook*, J.J. Pecnik, W.F. Brim, C.E. Winge, R.J. Ehster, H.E. Hess, H.E. Miller, vice presidents; D.M. Bragin, treasurer; J. Shephard Bryan, Jr., v.p., gen. counsel & secretary; H.S. Wadford, controller.

Directors: R.D. Davis*, chairman, James E. Davis*, A.D. Davis*, A. Dano Davis*, T. Wayne Davis, Jr., J. Shepard Bryan, Jr.*, J.C. Pace, Jr., C.W. Waldorf, Sam M. Walton, Radford D. Lovett, Charles P. Stephens, F.L. James*.

* Member of the Executive Committee.

Business Activities: Operates Winn-Dixie food stores in Florida, Georgia, North Carolina, South Carolina, Alabama, Mississippi, Louisiana, Virginia, Kentucky, Tennessee, Indiana, Oklahoma and Texas.

Divisions:

Jacksonville Division
5050 Edgewood Court
Box B
Jacksonville, Florida 32203

Greenville Division
Wade Hampton Boulevard
P.O. Box 1088
Greenville, South Carolina 29602

Montgomery Division
1550 Jackson Ferry Road
P.O. Box 2029
Montgomery, Alabama 36103

Tampa Division
2400 E. Hillsboro Avenue
P.O. Box 440
Tampa, Florida 33601

Atlanta Division
5400 Fulton Industrial Boulevard
P.O. Box 4809
Atlanta, Georgia 20331

Raleigh Division
2201 S. Wilmington Street
P.O. Box 511
Raleigh, North Carolina 27602

Louisville Division
720 Locust Lane
P.O. Box 17121, Shelby Station
Louisville, Kentucky 40217

New Orleans Division
600 Edwards Avenue
P.O. Box 51509
New Orleans, Louisiana 70150

Winn-Dixie Stores, Inc.

Charlotte Division
1105 Nevada Boulevard
Post Office Box 10156
Charlotte, North Carolina 28237

Orlando Division
4401 Seaboard Road
Orlando, Florida 32808

Miami Division
1141 S. W. 12th Avenue
Pompano Beach, Florida 33064

Fort Worth Division
5500 S. Freeway
Fort Worth, Texas 76115

Transfer Agent(s):

Fidata Securities Management, Inc.
New York, New York

Registrar and Transfer Co.
Jersey City, New Jersey

Stock Exchange(s): New York

Ticker Symbol: WIN

Number of Stores: (at fiscal year end)

1985	1,262	1982	1,222
1984	1,231	1981	1,220
1983	1,210		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1985	$ 7,774,480	$ 107,895
1984	7,302,369	115,916
1983	7,018,605	113,460
1982*	6,764,472	103,513
1981	6,200,167	95,395

	No. of Com. Shares †	Earn. per Share ‡
1985	40,900,000	$ 2.64
1984	41,000,000	2.83
1983	41,900,000	2.72
1982*	41,200,000	2.51
1981	41,300,000	2.20

* 53 weeks.
† Adjusted to reflect stock split.
‡ Based on common shares and common shares class B combined adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1985	$1.68	—	—
1984	1.56	—	5-for-3
1983	1.44	—	—
1982	1.30	—	—
1981	1.15	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	646,777,000	15.81
1984	608,673,000	14.85
1983	582,823,000	13.91
1982	514,618,000	12.49
1981	467,195,000	11.31

‡ Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	6/26/85	6/27/84
Net sales	$ 7,774,480	$ 7,302,369
Cost of sales	6,061,220	5,708,341
Expenses	1,604,474	1,468,597
Other income	(74,854)	(80,546)
Interest expense	11,045	10,474
Income before taxes	$ 172,595	$ 195,503
Income taxes	64,700	79,587
Net Income	$ 107,895	$ 115,916

* Included in Costs and Expenses, Depreciation and Amortization: $158,572,000 in 1985 and $131,220,000 in 1984.

Assets
(000's)

As of	6/26/85	6/27/84
Cash & marketable securities	$ 117,322	$ 108,263
Receiv., net	57,404	52,712
*Inventories	503,953	449,844
Prepaid expenses	26,089	23,401
Current Assets	$ 704,768	$ 634,220
Investments & other assets	21,277	18,014
#Fixed assets	512,693	506,529
Total Assets	$ 1,238,738	$ 1,158,763

Liabilities
(000's)

Accts. payable	$ 286,451	$ 246,728
Accruals	144,096	134,113
Cap. lease oblig., curr	2,973	2,782
Income taxes	20,755	18,860
Current Liabilities	$ 454,275	$ 402,483
Deferred inc. taxes	—	7,344
Cap. lease oblig.	69,672	74,509
Other long-term debt	25,290	25,615
Reserve for self-ins	42,724	40,139
+ Common stock	45,799	45,799
Retained earnings	688,962	649,853
Treasury stock	(87,984)	(86,979)
Total Liabilities & Shareholders' Equity	$ 1,238,738	$ 1,158,763

* At lower of cost or market. Merchandise at LIFO; mfg. and produce at FIFO.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.22	2.68
%Net Income to Sales	1.39	1.59
%Net Income to Equity	16.68	19.04
Sales to Inventories	15.43	16.23
Debt to Equity	0.15	0.17
Working Capital	$250,493,000	$231,737,000
Current Ratio	1.55	1.58
Shareholders' Equity	$646,777,000	$608,673,000

Wolohan Lumber Co.

1740 Midland Road
P.O. Box 3235
Saginaw, Michigan 48605
(517) 793-4532

Officers: David F. Wallace, chairman of the board, president & chief exec. officer; Robert F. Anderson, exec. v.p., secretary & chief financial officer; Thomas R. Wolohan, v.p.-corporate development; David G. Honaman, v.p.-administration; Edward J. Dean, controller; Gary D. Sellers, v.p.-operations; James L. Wolohan, v.p.-merchandising; James R. Krapohl, treasurer & asst. secretary.

Directors: David F. Wallace, chairman; Robert F. Anderson, Richard V. Wolohan, James L. Wolohan, Herbert H. Lyon, Hugo E. Braun, Jr., Ervin E. Wardlow.

Business Activities: Operates a chain of building materials retail centers located in Illinois, Indiana, Michigan, Ohio, Wisconsin and Kentucky.

Acquisition(s):

Kradle Home Center
Sterling, Illinois

Transfer Agent(s):

National Bank of Detroit
611 Woodward Avenue
Detroit, Michigan 48226

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WLHN (NASDAQ)

Number of Stores: (at fiscal year end)

1985	35	1982	32
1984	34	1981	34
1983	35		

Sales and Earnings

	Net Sales	Net Income
1985	$ 150,732,000	$ 3,492,000
1984	139,171,000	2,632,000
1983	112,358,000	1,348,000
1982	89,178,000	638,000
1981	88,788,000	972,316

	No. of Com. Shares ‡	Earn. per Share ‡
1985	5,853,000	$ 0.60
1984	5,860,000	0.45
1983	5,873,000	0.23
1982	5,844,000	0.11
1981	5,838,000	0.17

‡ Based on the average number of shares outstanding.

Revenues By Line of Business

	1985	1984	1983	1982
Dimension lumber	11.9%	11.7%	12.4%	10.1%
Sheathing plywood	6.9	7.1	7.5	7.0
Other forest products	14.9	14.1	14.1	12.9
Building materials	20.9	21.5	21.5	25.0
Building hardware	8.6	7.9	7.3	7.8
Home decoration	3.3	3.5	3.5	4.0
Millwork	17.7	17.9	17.3	16.1
Home appliances	3.3	3.6	3.8	4.5
Plumbing, heating & electrical	9.6	9.8	9.7	11.0
Trusses & components	2.9	2.9	2.9	1.6
Total	100.0%	100.0%	100.0%	100.0%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$0.16	—	—
1984	0.16	—	—
1983	0.08	—	—
1982	—	—	—
1981	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 31,296,000	$ 5.35
1984	28,740,000	4.91
1983	27,200,000	4.62
1982	26,166,000	4.47
1981	25,519,071	4.37

Income Account *

Year ended Dec. 31	1985	1984
Net sales	$ 150,732,000	$ 139,171,000
Cost of sales	111,146,000	104,474,000
Other income	(1,354,000)	(1,219,000)
Expenses	30,137,000	26,953,000
Depreciation	2,632,000	2,149,000
Interest expense	1,750,000	1,725,000
Income before taxes	$ 6,421,000	$ 5,089,000

Income taxes	2,929,000	2,457,000
Net Income	$ 3,492,000	$ 2,632,000

* Included in Costs and Expenses. Depreciation: $2,632,000 in 1985 and $2,149,000 in 1984.

Assets

As of Dec. 31	1985	1984
Cash	$ 1,705,000	$ 725,000
Short-term paper	4,527,000	3,028,000
Trade receiv.	7,195,000	6,590,000
*Inventories	19,922,000	22,067,000
Other	1,346,000	259,000
Current Assets	$ 34,695,000	$ 32,669,000
#Fixed assets	29,522,000	24,055,000
Other assets	1,834,000	1,759,000
Total Assets	$ 66,051,000	$ 58,483,000

Liabilities

Long-term debt, curr.	$ 766,000	$ 962,000
Accts. payable	7,389,000	6,859,000
Employee compensation & accruals	4,280,000	3,357,000
Contrib. to profit sharing trust	576,000	420,000
Income taxes	1,353,000	1,065,000
Curr. Liabilities	$ 14,364,000	$ 12,663,000
Long-term debt	17,941,000	14,933,000
Deferred inc. taxes	2,450,000	2,147,000
+ Common stock	5,883,000	5,883,000
Add. paid-in capital	744,000	744,000
Retained earnings	24,823,000	22,267,000
Treasury stock	(154,000)	(154,000)
Total Liabilities & Shareholders' Equity	$ 66,051,000	$ 58,483,000

* At lower of cost (LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.26	3.66
%Net Income to Sales	2.32	1.89
%Net Income to Equity	11.16	9.16
Sales to Inventories	7.57	6.31
Debt to Equity	0.60	0.55
Working Capital	$20,331,000	$20,006,000
Current Ratio	2.42	2.58
Shareholders' Equity	$31,296,000	$28,740,000

Woodward Stores Limited

101 West Hastings Street
Vancouver, British Columbia

Officers: Charles Namby Wynn Woodward, chairman of the board & chief executive officer; Frank Allen Robertson, president & chief operating officer; William George Brown, sr. v.p.-distribution & operations; Marco Gandossi, exec. v.p.-finance & secretary; Philip Charles McComb, sr. v.p.- Alberta Region; William J.D.Woodward, exec. v.p.-merchandising; George Richard Bailey, v.p.-marketing; James D. Gilbert, v.p.-retail operations; James R. Jones, v.p.-real estate & development; Merwin McBride, v.p.-food operations; Thomas N. Sebal, v.p.-human resources; Christopher C. Woodward, v.p.-stores; J.A. Hopkins, v.p.-planning & buildings; I.A. Loudon, controller; G.J.D. McKinstry, treasurer & asst. secretary.

Directors: Charles Namby Wynn Woodward*, chairman; Rose Bancroft, William George Brown, Charles Reginald Clarridge, Thomas Raymond Farrell, Marco Gandossi*, William Douglas Haig Gardiner*, James Norman Hyland, Philip charles McComb, Frank Allan Robertson*, John Martin Tenant*, Robert Arthur White*, Margaret Elizabeth southern, Jaseph L. Braithwaite, William J.D. Woodward.

* Member of the Executive Committee.

Business Activities: Owns and operates retail outlets through 26 locations in British Columbia and Alberta. There are 23 Woodwards' department stores, one free-standing food floor, one Abercrombie & Fitch specialty store offering high quality casual apparel and sporting goods products, and one Woodwynn Store, offering moderately priced family fashions, linens and bedding.

Subsidiaries:

Woodward Acceptance Company Limited
Abercrombie & Fitch Co. (Canada) Inc.
Locarno Investments Limited
Thirty-one Purchasing Service Limited
Deli Farm Food Processors Limited
Lansdowne Food Fair Services Limited
Woodward Stores (London) Limited
Del-Pak Foods, Limited
Provincial Construction Company Limited
Woodward's Furniture Fair Limited
Britalta Wholesale Drugs Limited

Transfer Agent(s):

Woodward Stores Limited
Vancouver, British Columbia

Montreal Trust Company
Toronto, Ontario; Montreal, Quebec; Edmonton, Alberta

Stock Exchange(s): Montreal, Toronto, Vancouver, Alberta

Ticker Symbol: WDSA

Number of Stores: (at fiscal year end)

1986	26	1983	26
1985	24	1982	26
1984	26		

Sales and Earnings

	Net Sales † (000's)	Net Income × (000's)
1986	$1,106,547,000	$ 5,272,000
1985	1,078,603,475	2,778,025
1984	1,103,876,333	4,835,888
1983	1,087,926,017	8,435,968
1982	1,137,051,022	14,786,775

	No. of Com. Shares	Earn. per Share ‡
1986	15,861,113	$ 0.34
1985	15,354,821	0.18
1984	15,077,631	0.33
1983	15,274,164	0.58
1982	16,181,028	1.03

† Including service charges.
× Excluding extraordinary items.
‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$0.40	—	—
1985	0.50	—	—
1984	0.60	—	—
1983	0.59	—	—
1982	0.59	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	$ 148,436,000	$ 9.36
1985	219,526,000	14.30
1984	194,623,000	12.91
1983	192,744,000	12.62
1982	189,519,000	11.71

Income Account
(000's)

Year ended	1/25/86	1/26/85
Net sales	$ 1,106,547	$ 1,078,604
Other income	6,425	5,750
Total	$ 1,112,972	$ 1,084,354
Cost of goods sold	845,102	827,524
General expenses	241,540	238,036
Profit shares & retirement fund	2,457	5,579
Depreciation & amortization	13,612	12,217
Interest expense	11,474	8,961
(Loss) before taxes	$ (1,213)	$ (7,963)
Tax credit	(3,700)	(6,794)
Inc.(loss)-cont. oper.	$ 2,487	$ (1,169)
Inc. - discont. oper.	2,785	3,947
Net Income	$ 5,272	$ 2,778
Extraordinary gain	4,018	23,655
Net Income & extraord. gain	$ 9,290	$ 26,433

Assets
(000's)

As of	1/25/86	1/26/85
Cash	$ 3,710	$ 3,406
Marketable securities	1,439	1,444
Accts. receiv.,net	106,362	94,594
*Inventories	179,449	167,516
Prepaid expenses	2,620	2,430
Current Assets	$ 293,580	$ 269,390
Invest. in Woodward Realty	—	60,999
Secured receiv.	387	4,974
Investments	2,145	1,893
#Fixed assets	78,371	77,245
Assets under cap. leases	10,570	7,878
Def. inc. taxes	2,480	—
Other assets	2,048	2,698
Total Assets	$ 389,581	$ 425,077

Liabilities
(000's)

Notes payable	$ 36,613	$ 29,357
Long-term debt. curr. & cap. lease oblig. curr.	1,366	3,079
Accts. payable & accruals	77,026	69,387
Income taxes	—	1,198
Notes payable - joint venture	—	3,858
Curr. Liabilities	$ 113,005	$ 106,879
Long-term debt	101,207	79,170
Cap. lease oblig.	10,484	8,213
Deferred gain on sale	11,835	8,501
Deferred inc. taxes	—	2,788
Other accrued liab.	2,614	—
+ Common stock	14,494	45,815
Add. paid-in capital	1,270	4,596
Retained earnings	132,672	164,036
Unrealized gains on sales	—	5,079
Total Liabilities & Shareholders Equity	$ 389,581	$ 425,077

* At lower of cost and net realizable value.
# Less accumulated depreciation.
+ No par value.

Statistical Summary

%Net Income to Equity	3.55	1.27
Sales to Inventories	6.17	6.44
Debt to Equity	1.01	0.55
Working Capital	$178,575,000	$162,511,000
Current Ratio	2.55	2.52
Shareholders' Equity	$148,436,000	$219,526,000

F.W. Woolworth Co.

Woolworth Building
233 Broadway
New York, New York 10279
(212) 553-2000

F.W. Woolworth Co.

Officers: John W. Lynn, chairman of the board & chief exec. officer; Harold E. Sells, president & chief operating officer; Arnold S. Anderson, exec. v.p.-administration & general counsel; John H. Cannon, v.p. & treasurer; William K. Lavin, sr. v.p.-finance; Frederick E. Henig, sr. v.p.-worldwide general merchandise operations; vice presidents: Joseph F. Carroll-public affairs; Ted M. Annenberg-deputy general counsel; Roy L. Garofalo-investor relations; Aubrey C. Lewis-corporate liaison; C. Jackson Gray-corporate planning & development; Thomas E. Page-controller; Henry C. Miner III-taxation; Charles T. Young-management information systems; William R. Forcht-human resources; William B. Thomson, secretary; assistant vice presidents & asst. secretaries: Jacqueline D. Delafuente-law dept.; James J. O'Neil-taxation; Glen R. Goff-general auditor; Michael T. Steven, Laura T. Kirsner, asst. controllers; Christopher J. Hoey, S. William Manieria, James J. Pirretti, George K. Schubert, Frances E. Trachter, asst. secretaries; Frank J. Marrella, asst. treasurer.

Directors: John W. Lynn*, chairman; Fred Kirby*, Seymour H. Knox III*, Andrew F. Peck*, Margaret P. MacKimm*, John W. Adams*, Jarobin Gilbert, Jr., Harold Sells, Eugene J. Sullivan*, James E. Preston*, Hellen Galland*, John J. Mackowski*.

* Member of the Executive Committee.

Business Activities: Operates a chain of variety stores under the Woolworth name throughout the United States and in Mexico, Canada, Australia, the Caribbean Islands, West Germany and Puerto Rico. Also operates 120 Woolco Department Stores in Canada, a men's wear chain of 310 stores, under the name of The Richman Brothers Company or Anderson-Little, the 3,415 Kinney Shoe Stores and leased departments in the United States, Canada and Australia under the names Kinney, Frugal Frank's, Foot Locker, Lady Foot Locker, Little Folk Shops, Fredelle, and Susie's Casuals, among others. Also operates 37 J. Brannam stores, engaged in the sale of brand name clothing, shoes and household linens.

Divisions and Subsidiaries:

F.W. Woolworth Co. Limited, Canada
F.W. Woolworth Co. G.m.b.H., Germany
Kinney Shoe Corporation
  New York, New York
The Richman Brothers Company
  Cleveland, Ohio
The RX Place
Holtzman's Litle Folk Shop, Inc.
U.S. Woolworth Division
Woolworth Mexicana, S.A. de C.V. (49% owned)

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Midwest, Pacific, Boston, Cincinnati, Philadelphia.

Ticker Symbol: Z

Number of Stores: (at fiscal year end)*

1985	5,822	1982	5,124
1984	5,569	1981	6,927
1983	5,276		

* Including leased departments.

Sales and Earnings

	Net Sales ‡	Net Income ‡
1985	$5,958,000,000	$ 177,000,000
1984	5,737,000,000	141,000,000
1983	5,456,000,000	118,000,000
1982	5,124,000,000	(353,000,000)
1981	5,075,000,000	82,000,000

	No. of Com Shares †	Earn per Share †
1985	32,000,000	$ 5.50
1984	31,500,000	4.45
1983	31,300,000	3.72
1982	30,400,000	—
1981	30,200,000	2.64

(Loss)
‡ Includes sales of leased departments, of continuing operations only.
† Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$2.00	—	—
1984	1.80	—	—
1983	1.80	—	—
1982	1.80	—	—
1981	1.80	—	—

Common Stock Equity

	Total Equity ‡ (000's)	Equity Per Share
1985	$1,205,000,000	$ 37.61
1984	1,028,000,000	32.67
1983	1,005,000,000	31.93
1982	967,000,000	31.55
1981	1,330,000,000	43.84

‡ After allowing for preferred stock at involuntary liquidation value.

Income Account
(000's)

Year ended Jan. 31	1986	1985
Net sales	$ 5,958,000	$ 5,737,000
Other income	32,000	26,000
Total Income	$ 5,990,000	$ 5,763,000
Cost of sales	3,952,000	3,853,000
Expenses	1,545,000	1,472,000
Depreciation & amortization	111,000	105,000
Interest expense	68,000	82,000
Income before taxes	$ 314,000	$ 251,000
Income taxes	137,000	110,000
Net Income	$ 177,000	$ 141,000

Assets

As of Jan. 31	1986	1985
Cash	$ 143,000	$ 119,000
*Inventories	1,264,000	1,108,000
Other assets	114,000	108,000
Current Assets	$ 1,521,000	$ 1,335,000
#Fixed assets	838,000	767,000
Leased prop. under cap. leases	90,000	100,000
Def. tax benefits	—	27,000
Other assets	86,000	82,000
Total Assets	$ 2,535,000	$ 2,311,000

Liabilities

Long-term debt & cap. lease oblig., curr.	$ 14,000	$ 50,000
Accts. payable	454,000	375,000
Accruals	262,000	235,000
Res. for discont. oper.	26,000	33,000
Dividends payable	16,000	15,000
Income taxes	59,000	24,000
Curr. Liabilities	$ 831,000	$ 732,000
Long-term debt	245,000	250,000
Other liabilities	74,000	69,000
Oblig. under cap. leases	111,000	122,000
Defer. income taxes	30,000	30,000
Reserve - discont. oper.	21,000	57,000
+ Preferred stock	2,000	2,000
+ + Common stock	128,000	115,000
Retained earnings	1,181,000	1,069,000
Treasury stock	(6,000)	(6,000)
For. curr. trans. adj.	(82,000)	(129,000)
Total Liabilities & Shareholders' Equity	$ 2,535,000	$ 2,311,000

* At lower of cost or market, LIFO for domestic inventories; FIFO for foreign.
# Less accumulated depreciation.
+ $1 par value, $2.20 Series A, convertible.
+ + $3⅓ par value.

Statistical Summary

%Income bef. Taxes to Sales	5.27	4.38
%Net Income to Sales	2.97	2.46
%Net Income to Equity	14.47	13.42
Sales to Inventories	4.71	5.18
Debt to Equity	0.30	0.40
Working Capital	$ 690,000,000	$ 603,000,000
Current Ratio	1.83	1.82
Shareholders' Equity	$1,223,000,000	$1,051,000,000

Zale Corporation

Executive Offices:

901 West Walnut Hill Lane
Irving, Texas 75038-1003
(214) 257-4000

Officers: Donald Zale, chairman of the board & chief executive officer; Bruce A. Lipshy, president & chief operating officer; Marvin Zale, vice chairman; Richard F. Mitchell, vice charman of the board & chief administrative officer; Michael B. Hacker, Michael C. Barlerin, Jerry W. Daws, William R. Gutow, John I. Mitchell, sr. v.p.'s; Dolph B.H. Simon, sr. v.p.-gen. counsel & secretary; Gene Morphis, sr. v.p.; Jean S. Barrow, Don L. Bolen, Edward Jaben, Harry Johnson, Barry Pasarew, Michael Romaine, Leonard H. Schwartz, Gary I. Karstel, Lynn Reynolds, Craig B. Sorrels, v.p.'s; Jerold Grubstein, sr. v.p. & controller; Walter H. Harvey, v.p. & treasurer; Kenneth M. Masson, Joe D. Underwood, asst. treasurers; Merrill J. Wertheimer, v.p. & controller; B.F. Godfrey, Jr., asst. secretary.

Directors: Leo Fields*, Dean P. Guerin, Marvin Zale*, G. Myrph Foote*, Richard F. Mitchell, John P. Weinel, Donald Zale*, Bruce A. Lipshy*, Robert H. Bloom, Harvey R. Mitchell, Bertrand Gerstein, Irving E. Gerstein, William V. Robins, James Gillies, Joseph R. Musolino.

* Member of the Executive Committee.

Business Activities: Operates a nationwide chain of specialty retail jewelry stores and leased jewelry departments. The Zale Division serves Middle America with 817 stores, while Bailey Banks and Biddle Jewelers is comprised of 309 carriage trade jewelry stores operating under 378 trade names. Diamond Park Fine Jewelers operates jewelry departments in 215 department, discount and specialty stores. The company also purchases, manufactures and wholesales jewelry; supplies military post exchanges with insignia and jewelry articles; operates insurance companies.

Divisions:

Zale Jewellers
3000 Diamond Park Drive
Dallas, Texas 75247
(214) 634-4011

Bailey, Banks & Biddle Jewelers
450 West 33rd Street
New York, New York 10001
(212) 560-1100

Diversified Group:

Diamond Park Fine Jewelers
3000 Diamond Park Drive
Dallas, Texas 75247
(214) 634-4011

Mission Jewelers

Catalog Showrooms
3000 Diamond Park Drive
Dallas, Texas 75247
(214) 634-4011
  Operates 13 showrooms under the name O.G. Wilson.

Aeroplex Stands, Inc.
  Operates 88 airport concession stands.

Willoughby & Taylor Ltd.
  Markets jewelry through mail order catalogs.

International Retail Operations:

Christ Jewellers, Europe
Hanau, West Germany
Operates 86 retail jewelry outlets in West Germany and Switzerland.

Zale Jewellers Ltd., U.K.
England
Operates 113 stores.

Transfer Agent(s):

RepublicBank Dallas, N.A.
Dallas, Texas

Stock Exchange(s): New York, Pacific

Ticker Symbol: ZAL

Number of Stores: (at fiscal year end)

1986	1,528	1983	1,310
1985	1,577	1982	1,447
1984	1,552		

Sales and Earnings

	Net Sales +	Net Income
1986	$1,107,173,000	$ (61,125,000)
1985	1,054,338,000	38,802,000
1984	1,003,219,000	35,387,000
1983	939,756,000	(6,118,000)
1982	962,039,000	33,252,000

	No. of Com. Shares #	Earn. per Share #
1986	12,315,000	$ —
1985	12,125,000	3.20
1984	11,763,000	3.01
1983	11,302,000	—
1982	11,201,000	2.97

(Loss)
+ Of continuing operations only.
# Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	$1.32	—	—
1985	1.305	—	—
1984	1.26	—	—
1983	1.26	—	—
1982	1.235	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share #
1986	$ 411,738,000	$ 33.43
1985	465,459,000	38.39
1984	438,292,000	37.26
1983	404,334,000	35.78
1982 ×	419,183,000	37.42

‡ After allowing for preferred stock at total liquidation preference.
# Based on the average number of shares outstanding.

Income Account *
(000's)

Year ended March 31	1986	1985
Net sales	$ 1,107,173	$ 1,054,338
Cost of sales	714,463	643,762
Expenses	332,913	310,080
Interest expense	31,922	40,694
Unusual items	120,100	—
Inc. (loss) bef. taxes	$ (92,225)	$ 59,802
Income taxes (credit)	(31,100)	21,000
Net Income (Loss)	$ (61,125)	$ 38,802

* Included in Costs and Expenses, Depreciation and Amortization: $26,158,000 in 1986 and $25,167,000 in 1985.

Assets
(000's)

As of March 31	1986	1985
Cash	$ 16,718	$ 9,175
Accts. receiv., net	326,433	290,178
*Inventories	456,878	399,297
Other assets	27,106	21,670
Current Assets	$ 827,135	$ 720,320
#Fixed assets	138,060	183,307
Other assets	39,332	51,541
Total Assets	$ 1,004,527	$ 955,168

Liabilities
(000's)

	1986	1985
Notes payable	$ 133,769	$ 17,136
Long-term debt, curr.	7,316	5,860
Accts. payable	42,518	32,134
Accrued payroll	17,153	16,882
Losses for bus. restruc.	27,786	—
Other taxes	59,544	88,685
Accrued expenses	45,813	33,292
Curr. Liabilities	$ 333,899	$ 193,989
Long-term debt	234,860	263,540
Deferred income taxes	21,730	29,380
+ Preferred stock	76	92
+ + Common stock	11,436	11,284
+ + Class B common	3,985	3,947
Add. paid-in capital	141,630	136,263
Retained earnings	328,123	405,273
Treasury stock	(74,651)	(76,052)
For. curr. trans. adjust.	3,439	(12,548)
Total Liabilities & Shareholders' Equity	$ 1,004,527	$ 955,168

* At lower of cost or market; substantially all domestic inventories at LIFO, all other at FIFO.
# Less accumulated depreciation and amortization.
+ $1 par value; Series A.
+ + $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	5.67
%Net Income to Sales	—	3.68
%Net Income to Equity	—	8.29
Sales to Inventories	2.42	2.64
Debt to Equity	0.91	0.61
Working Capital	$493,236,000	$526,331,000
Current Ratio	2.48	3.71
Shareholders' Equity	$414,038,000	$468,259,000

Zayre Corp.

Framingham, Massachusetts 01701
(617) 620-5000

Officers: Sumner L. Feldberg, chairman of the board; Maurice Segall, president & chief executive officer; Stanley H. Feldberg, chairman of executive committee; Malcolm L. Sherman, exec. v.p.; John Nagy, sr. v.p.-real estate; Michael Bilotti, sr. v.p.-corp. info. systems; Gerald P. Donini, sr. v.p.-human resources; Arthur F. Loewy, exec. v.p.-finance; Newton A. Lane, secretary; vice presidents: George Freeman-financial planning & budgeting; Donald G. Campbell, controller; Irving Ritz-labor relations; Robert Shedd, treasurer; Jay H. Meltzer, corporate counsel.

Directors: Max Feldberg, Stanley H. Feldberg*, Sumner L. Feldberg*, Newton A. Lane, Milton L. Levy*, Walter J. Salmon, Burton S. Stern*, Reva Korda, John W. Hennessey, Jr., Robert F. Shapiro, Daniel Coven, Maurice Segall*, Charles J. Simons, John H. Bustamante.

* Member of the Executive Committee.

Business Activities: Operates a chain of self-service discount department stores, under the name Zayre in 25 states; Ladies' apparel specialty stores under the name Hit or Miss shops and T.J. Maxx family apparel stores. Also operates 11 BJ's Wholesale Clubs, a chain of self service, cash and carry warehouses; and 18 Home Clubs, a chain of home improvement warehouses.

Transfer Agent(s):

State Street Bank and Trust Company
Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: ZY

Number of Stores: (at fiscal year end)

	Disc. Dept Stores	Ladies Apparel Stores
1986	337	428
1985	290	401
1984	275	356
1983	264	267
1982	258	245

	Discount Apparel Supermarkets
1986	191
1985	156
1984	118
1983	86
1982	64

Sales and Earnings ×

	Net Sales ‡ (000's)	Net Income (000's)
1985	$ 4,036,018	$ 94,647
1984	3,191,172	78,033
1983	2,623,698	59,783
1982	2,139,616	35,176
1981	1,797,139	22,147

	No. of Com. Shares +	Earn. per Share #
1985	29,373,298	$ 3.23
1984	21,151,187	2.82
1983	18,432,616	2.27
1982	8,393,173	1.62
1981	5,411,615	1.15

× Restated to include operations of Home Club, Inc., acquired on a pooling of interests basis.
‡ Of continuing operations only.
+ Adjusted to reflect stock dividends and stock split.
# Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	$0.48	—	4-for-3
1984	0.29	10%	—
1983	0.20	—	2-for-1
1982	0.14	20%	—
1981	0.11	—	—

+ Adjusted to reflect stock dividends and stock splits.

Common Stock Equity ×

	Total Equity	Equity Per Share +
1985	$ 605,775,000	$ 20.62
1984	498,057,000	23.55
1983	397,814,000	21.58
1982	294,762,000	35.12
1981	195,677,000‡	36.16

× Restated.
‡ After allowing for preferred stock at liquidation preference of $65 per share.
+ Adjusted to reflect stock dividends and stock splits.

Zayre Corp.

Income Account *
(000's)

Year ended	1/25/86	1/26/85 ‡
Net sales	$ 4.036.018	$ 3.191.172
Cost of sales	3,081.234	2.428.612
Expenses	745.203	588.794
Acq. costs of Home Club	3.137	—
Interest expense	21.584	17.979
Cap. lease oblig.	8.263	7.368
Income before taxes	$ 176.597	$ 148.419
Income taxes	81.950	70.386
Net Income	$ 94.647	$ 78.033

* Included in Costs and Expenses, Depreciation and Amortization: $46,485,000 in 1985 and $35,227,000 in 1984.
‡ Restated.

Assets
(000's)

As of	1/25/86	1/26/85 ‡
Cash	$ 28.086	$ 52.000
Marketable securities	45.400	40.000
Accts. receiv., net	21.555	9.900
*Inventories	861.141	618.081
Prepaid expenses	43.153	15.939
Current Assets	$ 999.335	$ 735.920
#Fixed assets	480.828	328.612
Leased prop. under cap. leases	62.828	57.680
Other assets	33.898	27.937
Intangibles	4.880	4.880
Total Assets	$ 1.581.769	$ 1.155.029

Liabilities
(000's)

Long-term debt, curr.	$ 9.414	$ 4.996
Accts. payable	346.640	207.306
Accruals	181.454	137.666
Income taxes	48.926	40.065
Oblig. under cap. leases	7.449	6.165
Curr. Liabilities	$ 593.883	$ 396.198
Long-term debt	237.878	147.335
Oblig. under cap. leases, non-curr.	76.189	71.451
Deferred inc. taxes	68.044	41.988
+ Common stock	29.373	21.151
Add. paid-in capital	255.266	237.172
Retained earnings	321.136	239.734
Total Liabilities & Shareholders' Equity	$ 1.581.769	$ 1.155.029

‡ Restated.
* At lower of cost or market, using the retail method.
# Less accumulated depreciation and amortization.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.38	4.65
%Net Income to Sales	2.35	2.45
%Net Income to Equity	15.62	15.67
Sales to Inventories	4.69	5.16
Debt to Equity	0.55	0.46
Working Capital	$405.452.000	$339.722.000
Current Ratio	1.68	1.86
Shareholders' Equity	$605.775.000	$498.057.000

Zenith Electronics Corporation

1000 Milwaukee Avenue
Glenview, Illinois 60025
(312) 391-7000

Officers: Jerry K. Pearlman, chairman & president; Karl H. Horn, exec. v.p. & president-systems & components group, Robert B. Hanson, exec. v.p. & group exec.; Carl A. Michelotti, sr. v.p.-computer group; Otto M. Genutis, sr., v.p.-components group; Joseph P. Fiore, sr. v.p.; James L. Faust, president-cable products; Howard H. Graham, v.p.-finance services; Gerald M. McCarthy, sr. v.p.-marketing, sales & consumer products; David W. Denton, v.p.-human resources & public affairs; Leonard Dietch, v.p.-research and development, systems and components group; Melvin L. Moore, sr. v.p.-CRT group; James A. Stark, v.p.-purchasing, consumer products; William A. Krein, v.p. & controller; David S. Levin, treasurer; Dennis J. Waldeck, secretary; John Borst, Jr., v.p. & general counsel; Bruce A. Huber, exec. dir.-marketing, consumer products; Peter C. Skerlos, v.p.-engineering, consumer products; H. Vincent Kamler, v.p.-manufacturing, consumer products; Michael S. Tamkin, gen. mgr.-video display operations; Robert P. Dilworth, president-Zenith Data Systems.

Directors: Thomas G. Ayers*, Harry G. Beckner, Sidney Davidson*, Karl H. Horn, John H. Johnson, Eugene M. Kinney, Frederick G. Jaicks*, Arthur W. Schultz*, Jerry K. Pearlman*, John W. Madigan, Robert B. Hansen, G. Ralth Guthrie, Joseph S. Wright.

* Member of the Executive Committee.

Business Activities: Zenith is engaged predominantly in the design, development, manufacture and sale of consumer electronics and related products. These products include: color and black-and-white television, video cassette recorders, parts and accessories, cable television products, microcomputers and related peripheral equipment and software, power supplies, display devices and systems and color television picture tubes. Other products include high-technology components which are sold to original equipment manufacturers. The Heath Company, a wholly-owned subsidiary, produces and markets consumer electronics products in kit and assembled form through mail order distribution and 70 retail store operations in the United States and Canada.

Divisions and Subsidiaries:

Zenith Electronics Corporation
1900 North Austin Avenue
Chicago, Illinois 60639
(312) 745-2000

Zenith Microcircuits Corporation
1851 Arthur Street
Elk Grove, Illinois 60007
(312) 956-1550

Rauland Division
2407 W. North Ave.
Melrose Park, Illinois 60160
(312) 379-4600

Zenith Electronics Corporation
1500 No. Kostner Avenue
Chicago, Illinois 60651
(312) 745-2000

Zenith Electronics Corporation
11000 Seymour
Franklin Park, Illinois 60131
(312) 671-7550

Springfield Division
2500 E. Kearney Street
Springfield, Missouri 65801
(417) 865-8341

Zenith Electronics Corp. of Indiana
1515 No. Fulton Avenue
Evansville, Indiana 47710
(812) 432-7761

Zenith Electronics Corp. of Texas
6601 South 33rd Street
McAllen, Texas 78503
(512) 687-9161

Electro Partes de Matamoros, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Partes de Television de Reynosa S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Zenith Taiwan Corporation
Zenith Electronics (Pacific) Ltd.
No. 16 Chih Chiang First Road
Chung-Li Industrial District
Chung-Li Shin
Toa Yuan Hsien, Taiwan, R.O.C.(322)

Zenith Radio Corp. of Canada, Ltd.
1020 Islington Avenue
Toronto, Ontario M8Z 5X5, Canada
(416) 231-4171

Zenith Distributing Corp. of Northern California
800 Mariposa Street
San Francisco, California 94107
(415) 621-8545

Zenith Distributing Corporation of Southern California
11945 East Pike Street
Santa Fe Springs, California 90670
(213) 699-7461

Zenith Distribution Corp. of New York
200 Meadowland Parkway
Secaucus, New Jersey 07094
(201) 330-9000

Zenith Distributing Corp. - Midstates
12600 West 93rd Street
Lenexa, Kansas 66215
(913) 888-4800

Zenith Distributing Corp. of Illinois
505 No. Northwest Avenue
Northlake, Illinois 60164
(312) 562-7300

Zenith Data Systems
1000 Milwaukee Avenue
Glenview, Illinois 60025
(312) 391-8860

Zenith Electronics (Ireland) Ltd.
Virginia Road, Kells
County Meath, Ireland

Zenith Electronics Corp. of Arizona
217 3rd Street
Douglas, Arizona 85607

Telson De Mexico, S.A. de C.V.
217 3rd Street
Douglas, Arizona 85607

Zenith Video Tech Corporation
11000 Seymour Avenue
Franklin Park, Illinois 60131

Zenith Video Products Corporation
1000 Milwaukee Avenue
Glenview, Illinois 60025

Cableproductos De Chihuahya, S.A. De C.V.
P.O. Box 848
Brownsville, Texas 76520

Productos Magneticos de Chihuahua, S.A. De V.C.
P.O. Box 848
Brownsville, Texas 78520

Zenco De Chihuahua, S.A. De C.V.
P.O. Box 848
Brownsville, Texas 78520

Zenith/Inteq, Inc.
13860 Redskin Drive
Herndon, Virginia 22071

Veritechnology Electronics Corporation
Hilltop Road
St. Joseph, Michigan 49805

Heath Company
Hilltop Road
St. Joseph, Michigan 49805
(616) 982-3200

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York, Midwest, Zurich, Basel, Geneva

Ticker Symbol: ZE

Number of Stores: (at fiscal year end)

1985	70	1982	71
1984	70	1981	76
1983	72		

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1985	$ 1,623,700	$ (7,700)
1984	1,716,000	63,600
1983	1,361,000	46,300
1982	1,239,200	(24,300)
1981	1,275,200	15,700

	No. of Com. Shares	Earn. per Share †
1985	23,130,291	$ —
1984	22,144,058	2.88
1983	21,961,067	2.26
1982	18,930,122	—
1981	18,910,793	0.83

(Loss)
+ Of continuing operations only.
† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business
(000's)

	1985	1984
Consumer electronics	$ 1,062,000	$ 1,062,000
Computer products	352,000	249,000
Systems & components	144,000	223,000
Cable products	66,000	182,000
Total	$ 1,624,000	$ 1,716,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	$ —	—	—
1984	—	—	—
1983	—	—	—
1982	0.15	—	—
1981	0.525	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1985	$ 437,200,000	$ 18.90
1984	442,800,000	20.00
1983	375,200,000	17.08
1982	267,500,000	14.14
1981	294,500,000	15.57

Income Account *
(000's)

Year ended Dec. 31	1985	1984
Net sales	$ 1,623,700	$ 1,716,000
Cost of sales	1,363,300	1,357,000
Expenses	283,400	257,700
Gain on sale of prop.	(5,400)	(1,000)
Gain on term of pension plan	(7,300)	—
Interest expense	23,400	17,100
Other income	(12,800)	(6,500)
Income (loss) bef. taxes	$ (20,900)	$ 91,700
Income taxes (credit)	(13,200)	28,100
Net Income (Loss)	$ (7,700)	$ 63,600

* Included in Costs and Expenses, Depreciation: $36,700,000 in 1985 and $31,860,000 in 1984.

Assets
(000's)

As of Dec. 31	1985	1984
Cash & marketable securities	$ 7,100	$ 12,300
Receiv., net	283,200	264,400
*Inventories	332,100	347,300
Prepaid expenses	64,900	62,400
Current Assets	$ 687,300	$ 686,400
#Fixed assets	238,200	220,200
Other assets	1,800	2,300
Total Assets	$ 927,300	$ 908,900

Liabilities
(000's)

Short-term debt	$ 19,000	$ 5,300
Long-term debt, curr.	6,900	6,900
Accts. payable	84,000	84,100
Accruals	53,300	42,900
Accrued payroll	43,700	46,900
Income taxes	7,400	11,800
Prod. warranties	37,200	36,500
Co-op. adv. & merch. prog.	39,700	35,300
Curr. Liabilities	$ 291,200	$ 269,700
Long-term debt	165,100	172,400
Deferred inc. taxes	33,800	24,000
+ Common stock	23,100	22,100
Add. paid-in capital	65,500	64,800
Retained earnings	348,600	355,900
Total Liabilities & Shareholders' Equity	$ 927,300	$ 908,900

* At lower of cost (majority at FIFO, remainder at LIFO) or market.
# Less accumulated depreciation.
+ $1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	5.34
%Net Income to Sales	—	3.71
%Net Income to Equity	—	14.36
Sales to Inventories	4.89	4.94
Debt to Equity	0.44	0.42
Working Capital	$396,100,000	$416,700,000
Current Ratio	2.36	2.55
Shareholders' Equity	$437,200,000	$442,800,000

Zion's Co-operative Mercantile Institution

2200 South 900 West
Salt Lake City, Utah 84137
(801) 321-6179

Officers: Marvin J. Ashton, chairman of the board; Joseph A. Anderson, vice chairman; Lowell M. Durham, Jr., president & chief exec. officer; Darrell F. Robinette, v.p.-stores; Keith C. Saunders, v.p.-finance, secretary & treasurer; Milo L. Carlston, v.p.-oper.; Ronald L. Culverwell, asst. secretary.

Directors: L. Tom Perry*, Joseph A. Anderson*, Spencer F. Eccles, Patricia Madsen*, Marvin J. Ashton*, Lowell M. Durham, Jr., A. Blaine Huntsman, Dan S. Bushnell, James S. Jardine, Kenneth W. Kraudy*, Milo L. Carlston, Keith C. Saunders*.

* Member of the Executive Committee.

Business Activities: Operates ZCMI department stores in Utah.

Transfer Agent(s):

Zion's Co-Operative Mercantile Institution
Salt Lake City, Utah 84137

Stock Exchange(s): Over-the-Counter

Number of Stores: (at fiscal year end)

1986	10	1983	8
1985	9	1982	8
1984	9		

Sales and Earnings

	Net Sales ‡	Net Income
1986	$ 164,783,867	$ 1,711,279
1985	159,511,660	7,604,944
1984	151,015,182	3,631,191
1983	141,263,086	3,294,168
1982	134,202,516	3,146,506

	No. of Com. Shares #	Earn. per Share †
1986	2,161,509	$ 0.79
1985	2,161,509	3.52
1984	2,161,509	1.68
1983	2,159,400	1.53
1982	2,159,400	1.46

‡ Includes other income.
# Adjusted to reflect stock split.
† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	$0.60	—	—
1985	0.60	—	—
1984	0.58	—	3-for-1
1983	0.50	—	—
1982	0.47	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	$ 51,619,114	$ 23.88
1985	51,204,740	23.69
1984	44,896,703	20.77
1983	42,494,421	19.68
1982	40,272,755	18.65

+ Adjusted to reflect stock split.

Income Account *

Year ended Jan. 31	1986	1985
Net sales & other income	$ 164,783,867	$ 159,511,660
Cost of sales	107,901,724	100,763,696
Expenses	50,978,458	51,382,792
Interest expense	3,217,806	3,893,901
Gain on sale of real estate	—	(7,924,373)
Income before taxes	$ 2,685,879	$ 11,395,644
Income taxes	974,600	3,790,700
Net Income	$ 1,711,279	$ 7,604,944

* Included in Costs and Expenses, Depreciation and Amortization: $3,736,319 in 1986 and $3,573,655 in 1985.

Assets

As of Jan. 31	1986	1985
Cash	$ 2,146,641	$ 1,762,585
Receiv., net	45,616,600	43,935,836
Long-term note receiv.	3,711,009	5,017,468
*Inventories	20,642,944	25,303,477
Prepaid expenses	403,182	452,600
Current Assets	$ 72,520,376	$ 76,471,966
Long-term note receiv.	1,856,140	2,787,526
#Fixed assets	32,319,189	34,437,645
Other assets	247,939	247,939
Total Assets	$ 106,943,644	$ 113,945,076

Liabilities

Notes payable	$ —	$ 4,000,000
Long-term debt, curr.	162,419	150,288
Cap. lease oblig., curr.	887,100	1,107,379
Accts. payable	4,787,745	4,825,388
Accruals	6,897,762	6,147,044
Accrued payroll	1,958,078	2,011,562
Income taxes	1,677,212	1,250,819
Deferred inc. taxes	6,074,838	7,896,855
Curr. Liabilities	$ 22,445,154	$ 27,389,335
Long-term debt	13,748,468	14,910,809
Cap. lease oblig.	18,673,170	19,560,271
Deferred inc. taxes	457,738	879,921

Zion's Co-operative Mercantile Institution

+Common stock	14,816,244	14,816,244
Retained earnings	36,802,870	36,388,496
Total Liabilities & Shareholders' Equity	$ 106,943,644	$ 113,945,076

* At lower of cost (LIFO) or market.
# Less accumu!ated depreciation and amortization.
+ $20 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.63	7.14
%Net Income to Sales	1.04	4.77
%Net Income to Equity	3.32	14.85
Debt to Equity	0.29	0.39
Working Capital	$50,075,222	$49,082,631
Current Ratio	3.23	2.79
Shareholders' Equity	$51,619,114	$51,204,740

Z & Z Fashions Ltd.

1804 Lincoln Boulevard
Santa Monica, California 90404
(213) 870-2745

Officers: Marvin Zeidler, president & chairman of the board; George Powell, v.p.-sales and training; Ron Rossi, v.p.-merchandising; Marc Zeidler, treasurer & secretary.

Directors: Marvin Zeidler, Dan Paul, Gordon Berman, Rick M. Stein.

Business Activities: Operates men's clothing stores, all under the name of Zeidler & Zeidler Ltd. in California & Nevada.

Subsidiaries:

Zeidler & Zeidler Management, Inc.
1804 Lincoln Boulevard
Santa Monica, California 90404

Transfer Agent(s):

A. H. Walker & Co.
830 Kennecott Bldg.
Salt Lake City, Utah

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ZFSH (NASDAQ)

Number of Stores: (at fiscal year end)

1985	22	1982	19
1984	21	1981	18
1983	20		

Sales and Earnings

	Net Sales	Net Income
1985	$ 10,122,218	$ (116,769)
1984	9,563,192	82,325
1983	8,734,349	147,051
1982	8,774,259	163,401
1981	8,818,362	161,502

	No. of Com. Shares ‡	Earn. per Share ‡
1985	832,353	-
1984	809,019	$ 0.10
1983	856,232	0.17
1982	931,666	0.18
1981	919,999	0.18

(Loss)
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	—
1981	—	50%	—

Common Stock Equity

	Total Equity	Equity Per Share‡
1985	$ 2,104,244	$ 2/53
1984	2,191,847	2.71
1983	2,080,355	2.42
1982	2,158,106	2.32
1981	1,994,705	2.17

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend.

Income Account *

Year ended Sept. 30	1985	1984
Net sales	$ 10,122,218	$ 9,563,192
Cost of sales	4,920,336	4,555,062
Expenses	5,442,746	4,969,665
Oper. profit (Loss)	$ (240,864)	$ 38,465
Other income	43,095	64,860
Inc. (loss) bef. taxes	$ (197,769)	$ 103,325
Income taxes (credit)	(81,000)	21,000
Net Income (Loss)	$ (116,769)	$ 82,325

* Included in Costs and Expenses, Depreciation and Amortization: $194,389 in 1985 and $169,629 in 1984.

Assets

As of Sept. 30	1985	1984
Cash	$ 276,454	$ 189,882
Accts. receiv., net	55,094	40,123
*Inventories	2,173,118	2,392,556
Recoverable income taxes	101,595	71,234
Prepaid expenses	104,156	115,373
Current Assets	$ 2,710,417	$ 2,809,168
#Fixed assets	968,528	1,129,266
Other assets	11,397	11,810
Total Assets	$ 3,690,342	$ 3,950,244

Liabilities

Accts. payable	$ 1,340,206	$ 1,266,186
Income taxes payable	40,984	33,324
Compensation	29,168	99,798
Accruals	175,740	205,121
Long term debt, curr.	—	153,968
Current Liabilities	$ 1,586,098	$ 1,758,397
+Common stock	99,000	96,667
Add. paid-in capital	767,618	740,785
Retained earnings	1,491,594	1,608,363
Treasury stock	(253,968)	(253,968)
Total Liabilities & Shareholders' Equity	$ 3,690,342	$ 3,950,244

* At lower of cost (FIFO) or market.
# Less accumulated depreciation and amortization.
+ $0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.08
%Net Income to Sales	—	0.86
%Net Income to Equity	4.66	3.76
Sales to Inventories	—	4.00
Working Capital	$1,124,319	$1,050,771
Current Ratio	1.74	1.60
Shareholders' Equity	$2,104,244	$2,191,847

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